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**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**  
**REGIONAL MISSION FOR THE CENTRAL ASIAN REPUBLICS**  
KAZAKHSTAN, KYRGYZSTAN, TAJIKISTAN, TURKMENISTAN, & UZBEKISTAN

**OPENING DATE: Tuesday, December 21, 2001**  
**CLOSING DATE: Wednesday, March 20, 2002**  
**CLOSING TIME: 10:00am, Almaty Time**

**SUBJECT:** Request for Proposal (RFP) No. EF176-02-003,  
ENTERPRISE DEVELOPMENT PROJECT IN CENTRAL ASIA

To All Potential Offerors:

The United States (U.S.) Government, represented by the U.S. Agency for International Development Regional Mission to Central Asia (USAID/CAR), is seeking proposals to provide the services described in the attached pages.

If you decide to submit a proposal, it must be presented in accordance with the attached solicitation and received no later than 10:00 a.m., local Almaty, Kazakhstan, time on the Closing Date indicated above at the place shown below. Proposals and modifications thereof, should be submitted with the name, street address, telephone number, internet email address of a point-of-contact who is an authorized agent of the offeror and Request for Proposal Number inscribed thereon, must be addressed to:

Marcus A. Johnson, Jr.  
Contracting Officer

Internet email: AlmatyCO@usaid.gov

Facsimile: 1 (413) 771-5698 (US-based but worldwide access)  
7 (3272) 50-76-35, or 36; or 69-64-90

Mailing Address: DOS/USAID/AA  
Dept. of State, 7030 Almaty Place  
Washington, DC 20521-7030

Street location: DOS/USAID  
Acquisition & Assistance Section  
41 Kazibek Bi Street  
480100, Almaty,  
Republic of Kazakhstan

USAID/CAR, 41 KAZIBEK BI STREET, 480100, ALMATY, REPUBLIC OF KAZAKHSTAN

This RFP in no way obligates USAID to award a contract nor does it commit USAID to pay any cost incurred in the preparation and submission of a proposal. Notifications of receipt and questions concerning this RFP must be directed to the Contracting Officer via either the internet email address or facsimile numbers listed above.

Sincerely,  
Marcus A. Johnson, Jr.  
Contracting Officer

|  |   |  |  |                                   |                                     |
|--|---|--|--|-----------------------------------|-------------------------------------|
| <b>SOLICITATION, OFFER AND AWARD</b>   |   | 1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700)  |  | RATING                            | PAGE <b>1</b> OF <b>118</b> PAGE(S) |
| 2. CONTRACT NO.  | 3. SOLICITATION NO.<br><b>EF176-02-03</b> | 4. TYPE OF SOLICITATION<br><input type="checkbox"/> SEALED BID (IFB)<br><input checked="" type="checkbox"/> NEGOTIATED (RFP) |  | 5. DATE ISSUED<br><b>12/18/01</b> | 6. REQUISITION/PURCHASE NO.         |
| 7. ISSUED BY<br>USAID/CAR Regional Mission<br>Dept. of State<br>7030 Almaty Place<br>Washington, DC 20521-7030 |   | 8. ADDRESS OFFER TO (If other than Item 7)   |  |                                   |                                     |

NOTE: In sealed bid solicitations "offer" and "offeror" mean "bid" and "bidder"

### SOLICITATION

9. Sealed offers in original and \_\_\_\_\_ copies for furnishing the supplies or services in the Schedule will be received at the place specified in Item 8, or if handcarried, in the depository located in **41 Kazibek Bi Street, 480100, Almaty, Kazakhstan** until **10:00am** local time **03/20/2002**. CAUTION LATE Submissions, Modifications, and Withdrawals: See Section L, Provision No. 52.214-7 or 52.215-1. All offers are subject to all terms and conditions contained in this solicitation.

|                           |                                       |                                     |                          |   |
|---------------------------|---------------------------------------|-------------------------------------|--------------------------|---|
| 10. FOR INFORMATION CALL: | A. NAME<br><b>Natalia Portnyagina</b> | B. TELEPHONE NO. (NO COLLECT CALLS) |                          | C. E-MAIL ADDRESS<br><a href="mailto:AlmatyCO@usaid.gov">AlmatyCO@usaid.gov</a> |
|                           |                                       | Intl CODE<br><b>7 (3272)</b>        | NUMBER<br><b>507-612</b> | EXT.<br><b>290</b>  |

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### OFFER (Must be fully completed by offeror)

NOTE: Item 12 does not apply if the solicitation includes the provisions at 52.214-16, Minimum Bid Acceptance Period.

12. In compliance with the above, the undersigned agrees, if this offer is accepted within \_\_\_\_\_ calendar days (60 calendar days unless a different period is inserted by the offeror) from the date for receipt of offers specified above, to furnish any or all items upon which prices are offered at the price set opposite each item, delivered at the designated point(s), within the time specified in the schedule.

|   |   |                           |   |                        |
|---|---|---------------------------|---|------------------------|
| 13. DISCOUNT FOR PROMPT PAYMENT<br>(See Section I, Clause No. 52.232-8)   | 10 CALENDAR DAYS (%)<br>%   | 20 CALENDAR DAYS (%)<br>% | 30 CALENDAR DAYS (%)<br>%   | CALENDAR DAYS (%)<br>% |
| 14. ACKNOWLEDGMENT OF AMENDMENTS (The offeror acknowledges receipt of amendments to the SOLICITATION for offerors and related documents numbered and dated: | AMENDMENT NO.   | DATE                      | AMENDMENT NO.   | DATE                   |
| 15A. NAME AND ADDRESS OF OFFEROR  | CODE  | FACILITY                  | 16. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER (Type or print) |                        |
| 15B. TELEPHONE NUMBER<br>AREA CODE NUMBER EXT.  | <input type="checkbox"/> 15C. CHECK IF REMITTANCE ADDRESS IS DIFFERENT FROM ABOVE - ENTER SUCH ADDRESS IN SCHEDULE. |                           | 17. SIGNATURE   | 18. OFFER DATE         |

### AWARD (To be completed by Government)

|   |            |   |                |
|---|------------|---|----------------|
| 19. ACCEPTED AS TO ITEMS NUMBERED   | 20. AMOUNT | 21. ACCOUNTING AND APPROPRIATION  |                |
| 22. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION:<br><input type="checkbox"/> 10 U.S.C. 2304(c) ( ) <input type="checkbox"/> 41 U.S.C. 253(c) ( ) |            | 23. SUBMIT INVOICES TO ADDRESS SHOWN IN (4 copies unless otherwise specified) | ITEM           |
| 24. ADMINISTERED BY (If other than Item 7)  | CODE       | 25. PAYMENT WILL BE MADE BY   | CODE           |
| 26. NAME OF Contracting Officer (Type or print)<br><b>Marcus A. Johnson, Jr.</b>  |            | 27. UNITED STATES OF AMERICA<br><br>(Signature of Contracting Officer)        | 28. AWARD DATE |

IMPORTANT: Award will be made on this Form, or on Standard Form 26, or by other authorized official written notice.

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**PART I - THE SCHEDULE****SECTION B - SUPPLIES OR SERVICES AND PRICE/COSTS****B.1 PURPOSE**

The purpose of this contract is to procure services in order to improve the environment for small and medium enterprises (SMEs) in the five Central Asian Republics. This contract has six major components, five of which are key components, and a final, cross-cutting component: 1) Business Training, 2) Accounting Reform, 3) Business Advisory Services (which would include some work with business associations in Uzbekistan, Tajikistan, and, if conditions warrant, in Turkmenistan), 4) Regional Trade Promotion, 5) a Quality Management Center in Kazakhstan, and 6) Other Cross-Cutting Related Activities.

The budget for this activity is approximately \$27 million over three years (\$9 million per annum). Of the total budget, approximately one third would be allocated to Kazakhstan, another one third to Kyrgyzstan; approximately one quarter to Uzbekistan, ten percent to Tajikistan, and the remainder to Turkmenistan. Plus, USAID/CAR will include option for a fourth and fifth year of performance. As such, the maximum length of the contract would be five years. USAID will focus on the above six components, but will rely on the contractor to determine how best to allocate the budget among the six components to achieve maximum results.

Also, given the increased focus on Central Asia, and the added importance of maintaining regional stability and mitigating the potential for conflict, the contractor is requested to provide an annex to its proposal (both cost and technical) that illustrates how an additional one million dollars per country, per year, could be allocated. USAID/CAR will thus have an annual option to increase funding by this amount. The maximum value of the contract inclusive of all options is anticipated to be up to \$70 million. The allocation of added funding should include additional focus on each of the components, except the professional accounting certification (Component #2) and the Quality Management Services program (Component #5), as the contractor should provide maximum training and certification of these components under the initial \$9 million per year.

**B.2 CONTRACT TYPE**

**Cost-Plus-Fixed-Fee (CPFF) or Cost-Plus Award Fee (CPAF)** three-year completion contract, with two one-year option periods. For the consideration set forth below, the Contractor shall provide the deliverables or outputs described in Section F in accordance with the performance standards specified in Section E.

**B.3 ESTIMATED COST, FEE, AND OBLIGATED AMOUNT****1. ESTIMATED COST, FEE, AND OBLIGATED AMOUNT (CPFF only)**

(a) The estimated cost for the performance of the work required hereunder, exclusive of fee, if any, is \$TBD. The fixed fee, if any, is \$TBD. The estimated cost plus fixed fee, if any, is \$TBD.

(b) Within the estimated cost plus fixed fee (if any) specified in paragraph (a) above, the amount currently obligated and available for reimbursement of allowable costs incurred by the Contractor (and payment of fee, if any) for performance hereunder is \$TBD. The Contractor shall not exceed the aforesaid obligated amount.

(c) Funds obligated hereunder are anticipated to be sufficient through TBD.



**2. ESTIMATED COST BASE FEE, AWARD FEE AND OBLIGATED AMOUNT (CPAF only)**

(a) The estimated cost for the performance of the work for years 1-3 required hereunder, exclusive of fee(s), if any, is \$TBD. The base fee, if any, is \$TBD (no more than 2% of estimated cost) and the possible award fee, if any, is \$TBD. The estimated cost plus all possible fees, if any, is \$TBD.

(b) Within the estimated cost plus all possible fees, if any, specified in paragraph (a) above, the amount currently obligated and available for reimbursement of allowable costs incurred by the Contractor (and payment of fee, if any) for performance hereunder is \$TBD. The Contractor shall not exceed the aforesaid obligated amount.

(c) Funds obligated hereunder are anticipated to be sufficient through TBD.

**B.4 LINE ITEMS****1. CPFF contract only**

|                                  |                      |          |                      |          |
|----------------------------------|----------------------|----------|----------------------|----------|
| CLINS–                           | 3 Year Base Period   |          | CLINS–               | Option   |
| 0001A                            | Year 1 - TOTAL       | \$ _____ | 0001B                | \$ _____ |
| 0001AA                           | Labor                | \$ _____ | 0001BA               | \$ _____ |
| 0001AB                           | Other Direct Costs   | \$ _____ | 0001BB               | \$ _____ |
| 0001AC                           | Material & Equipment | \$ _____ | 0001BC               | \$ _____ |
| 0001AD                           | Training             | \$ _____ | 0001BD               | \$ _____ |
| 0001AE                           | Indirect Costs       | \$ _____ | 0001BE               | \$ _____ |
| 0001AF                           | Fee                  | \$ _____ | 0001BF               | \$ _____ |
|                                  |                      |          |                      |          |
| 0002A                            | Year 2 - TOTAL       | \$ _____ | 0002B                | \$ _____ |
| 0002AA                           | Labor                | \$ _____ | 0002BA               | \$ _____ |
| 0002AB                           | Other Direct Costs   | \$ _____ | 0002BB               | \$ _____ |
| 0002AC                           | Material & Equipment | \$ _____ | 0002BC               | \$ _____ |
| 0002AD                           | Training             | \$ _____ | 0002BD               | \$ _____ |
| 0002AE                           | Indirect Costs       | \$ _____ | 0002BE               | \$ _____ |
| 0002AF                           | Fee                  | \$ _____ | 0002BF               | \$ _____ |
|                                  |                      |          |                      |          |
| 0003A                            | Year 3 - TOTAL       | \$ _____ | 0003B                | \$ _____ |
| 0003AA                           | Labor                | \$ _____ | 0003BA               | \$ _____ |
| 0003AB                           | Other Direct Costs   | \$ _____ | 0003BB               | \$ _____ |
| 0003AC                           | Material & Equipment | \$ _____ | 0003BC               | \$ _____ |
| 0003AD                           | Training             | \$ _____ | 0003BD               | \$ _____ |
| 0003AE                           | Indirect Costs       | \$ _____ | 0003BE               | \$ _____ |
| 0003AF                           | Fee                  | \$ _____ | 0003BF               | \$ _____ |
|                                  |                      |          |                      |          |
| Total Contract Price CLINS 1A-3A |                      | \$ _____ | CLINS 1B-3B \$ _____ |          |
|                                  |                      |          |                      |          |
| CLINS–                           | 1 Year Option Period |          | CLINS–               | Option   |
| 0004A                            | Year 4 - TOTAL       | \$ _____ | 0004B                | \$ _____ |
| 0004AA                           | Labor                | \$ _____ | 0004BA               | \$ _____ |
| 0004AB                           | Other Direct Costs   | \$ _____ | 0004BB               | \$ _____ |
| 0004AC                           | Material & Equipment | \$ _____ | 0004BC               | \$ _____ |
| 0004AD                           | Training             | \$ _____ | 0004BD               | \$ _____ |
| 0004AE                           | Indirect Costs       | \$ _____ | 0004BE               | \$ _____ |
| 0004AF                           | Fee                  | \$ _____ | 0004BF               | \$ _____ |
|                                  |                      |          |                      |          |
| CLINS–                           | 1 Year Option Period |          |                      |          |
| 0005A                            | Year 5 - TOTAL       | \$ _____ | 0005B                | \$ _____ |
| 0005AA                           | Labor                | \$ _____ | 0005BA               | \$ _____ |

|        |                      |          |        |          |
|--------|----------------------|----------|--------|----------|
| 0005AB | Other Direct Costs   | \$ _____ | 0005BB | \$ _____ |
| 0005AC | Material & Equipment | \$ _____ | 0005BC | \$ _____ |
| 0005AD | Training             | \$ _____ | 0005BD | \$ _____ |
| 0005AE | Indirect Costs       | \$ _____ | 0005BE | \$ _____ |
| 0005AF | Fee                  | \$ _____ | 0005BF | \$ _____ |

|                                  |          |             |          |
|----------------------------------|----------|-------------|----------|
| Total Contract Price CLINS 4A-5A | \$ _____ | CLINS 4B-5B | \$ _____ |
|----------------------------------|----------|-------------|----------|

**2. CPAF contract only**

| CLINS— | 3 Year Based Period  |          | CLINS- | Option   |
|--------|----------------------|----------|--------|----------|
| 0001A  | Year 1 - TOTAL       | \$ _____ | 0001B  | \$ _____ |
| 0001AA | Labor                | \$ _____ | 0001BA | \$ _____ |
| 0001AB | Other Direct Costs   | \$ _____ | 0001BB | \$ _____ |
| 0001AC | Material & Equipment | \$ _____ | 0001BC | \$ _____ |
| 0001AD | Training             | \$ _____ | 0001BD | \$ _____ |
| 0001AE | Indirect Costs       | \$ _____ | 0001BE | \$ _____ |
| 0001AF | Base Fee             | \$ _____ | 0001BF | \$ _____ |
| 0001AG | Award Fee            | \$ _____ | 0001BG | \$ _____ |
| 0002A  | Year 2 - TOTAL       | \$ _____ | 0002B  | \$ _____ |
| 0002AA | Labor                | \$ _____ | 0002BA | \$ _____ |
| 0002AB | Other Direct Costs   | \$ _____ | 0002BB | \$ _____ |
| 0002AC | Material & Equipment | \$ _____ | 0002BC | \$ _____ |
| 0002AD | Training             | \$ _____ | 0002BD | \$ _____ |
| 0002AE | Indirect Costs       | \$ _____ | 0002BE | \$ _____ |
| 0002AF | Base Fee             | \$ _____ | 0002BF | \$ _____ |
| 0002AG | Award Fee            | \$ _____ | 0002BG | \$ _____ |
| 0003A  | Year 3 - TOTAL       | \$ _____ | 0003B  | \$ _____ |
| 0003AA | Labor                | \$ _____ | 0003BA | \$ _____ |
| 0003AB | Other Direct Costs   | \$ _____ | 0003BB | \$ _____ |
| 0003AC | Material & Equipment | \$ _____ | 0003BC | \$ _____ |
| 0003AD | Training             | \$ _____ | 0003BD | \$ _____ |
| 0003AE | Indirect Costs       | \$ _____ | 0003BE | \$ _____ |
| 0003AF | Base Fee             | \$ _____ | 0003BF | \$ _____ |
| 0003AG | Award Fee            | \$ _____ | 0003BG | \$ _____ |

|                                  |          |             |          |
|----------------------------------|----------|-------------|----------|
| Total Contract Price CLINS 1A-3A | \$ _____ | CLINS 1B-3B | \$ _____ |
|----------------------------------|----------|-------------|----------|

| CLINS— | 2 Year Option Period |          | CLINS- | Option   |
|--------|----------------------|----------|--------|----------|
| 0004A  | Year 4 - TOTAL       | \$ _____ | 0004B  | \$ _____ |
| 0004AA | Labor                | \$ _____ | 0004BA | \$ _____ |
| 0004AB | Other Direct Costs   | \$ _____ | 0004BB | \$ _____ |
| 0004AC | Material & Equipment | \$ _____ | 0004BC | \$ _____ |
| 0004AD | Training             | \$ _____ | 0004BD | \$ _____ |
| 0004AE | Indirect Costs       | \$ _____ | 0004BE | \$ _____ |
| 0004AF | Base Fee             | \$ _____ | 0004BF | \$ _____ |
| 0004AG | Award Fee            | \$ _____ | 0004BG | \$ _____ |
| 0005A  | Year 5 - TOTAL       | \$ _____ | 0005B  | \$ _____ |
| 0005AA | Labor                | \$ _____ | 0005BA | \$ _____ |
| 0005AB | Other Direct Costs   | \$ _____ | 0005BB | \$ _____ |
| 0005AC | Material & Equipment | \$ _____ | 0005BC | \$ _____ |

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**SECTION B**

|                                  |                |          |             |          |
|----------------------------------|----------------|----------|-------------|----------|
| 0005AD                           | Training       | \$ _____ | 0005BD      | \$ _____ |
| 0005AE                           | Indirect Costs | \$ _____ | 0005BE      | \$ _____ |
| 0005AF                           | Base Fee       | \$ _____ | 0005BF      | \$ _____ |
| 0005AG                           | Award Fee      | \$ _____ | 0005BG      | \$ _____ |
| Total Contract Price CLINS 4A-5A |                | \$ _____ | CLINS 4B-5B | \$ _____ |

**B.5 INDIRECT COSTS (DEC 1997)**

Pending establishment of revised provisional or final indirect cost rates, allowable indirect costs shall be reimbursed on the basis of the following negotiated provisional or predetermined rates and the appropriate bases:

| Description | Rate | Base | Type | Period |
|-------------|------|------|------|--------|
|-------------|------|------|------|--------|

[To be determined]

[End of Clause]

**B.6 CEILING ON INDIRECT COST RATES (DEC 1997)**

(1) Reimbursement for indirect costs shall be at the lower of the negotiated final (or predetermined) rates or the following ceiling rates:

| Description | Rate | Base | Period |
|-------------|------|------|--------|
|-------------|------|------|--------|

[To be determined]

(2) The Government will not be obligated to pay any additional amount should the final indirect cost rates exceed the negotiated ceiling rates. If the final indirect cost rates are less than the negotiated ceiling rates, the negotiated rates will be reduced to conform with the lower rates.

(3) This understanding shall not change any monetary ceiling, obligation, or specific cost allowance or disallowance. Any changes in classifying or allocating indirect costs require the prior written approval of the Contracting Officer.

[End of Clause]

**B.7 COST REIMBURSABLE**

The U.S. dollar costs allowable shall be limited to reasonable, allocable and necessary costs determined in accordance with FAR 52.216-7, Allowable Cost and Payment, FAR 52.216-8, Fixed Fee, if applicable, and AIDAR 752.7003, Documentation for Payment.

**SECTION C - DESCRIPTION/SPECIFICATIONS/STATEMENT OF WORK*****Enterprise Development Project*****I. Summary**

The vision of USAID/CAR (Central Asia Republics) involves building pluralism and stability among the people and institutions of Central Asia. Our goal is to expand opportunities for participation, livelihood and quality of life for the citizens of the Central Asian Republics. This enterprise development activity will be implemented through the Office of Enterprise & Finance as part of Strategic Objective 1.3 (SO1.3), which calls for an improved environment for the growth of small- and medium-sized enterprises. Intermediate Results to be achieved under this activity fall under *IR 1.3.1 -- increased opportunity to acquire business information, knowledge and skills*. The other primary Intermediate Result that supports the achievement of SO 1.3 is *IR 1.3.3 -- increased implementation of laws and regulations*. Currently, work toward this IR is being done only in Kazakhstan and Kyrgyzstan through the SME Trade & Investment Project (see *Attachment J* for Scope of Work of this project).

Throughout the world, SMEs are a major factor in economic growth and key to employment generation. Employment trends in the emerging economies of Eastern Europe serve as an excellent example of the importance of the SME sector for job creation. SMEs account for 58% of employment in Georgia, 37% in the Czech Republic, 24% in Hungary, and 23% in Poland. With such vibrant SME sectors, these countries have enjoyed healthy economic growth over the past decade. In contrast, the contribution of SMEs to economic growth and job creation is disappointingly low in Central Asia. Thus, the growth of the SME sector in Central Asia represents great potential for new job creation and economic growth. Extensive analysis of SME development and constraints to growth in Central Asia have concluded that the environment for doing business in Central Asia must be improved for the SME sector to grow.

The development of the small and medium enterprise sector (defined as businesses with less than 500 full-time employees) is a key component in the transition to a free market economy. In addition to economic benefits, SMEs are vital to the growth and sustainability of democratic reforms. The countries of Central Asia still face the challenge of building an economic middle class that will demand openness in political processes. Political freedom can only be sustained as long as citizens can be assured that they have viable opportunities for employment and investment and the right to own and operate businesses.

Through the implementation of the SME Development Activity over the past year, USAID/CAR has gained significant experience. To varying degrees, this experience has been gained in all of the six components of the new project. (See *Attachment J* for the Annual Report, as well as two Business Plans completed under the project.)

The primary objective of this contract is to increase opportunities to acquire business information, knowledge, and skills in the five Central Asian Republics. A secondary objective is to work toward increased implementation of laws and regulations in the five countries. This contract has six major components that will work toward achievement of those objectives: 1) Business Training, 2) Accounting Reform, 3) Business Advisory Services (BAS), 4) Regional Trade Promotion (RTP), 5) Quality Management Services in Kazakhstan, and 6) Other Cross-Cutting Related Activities.

## II. A Regional Approach to Technical Assistance

Economic development and political conditions vary among the five countries in the region. Therefore, activities under this scope of work will be tailored to each of the five countries. The contractor will constantly review the situation in each republic to assess the potential for the range of services offered through this contract.

In Kazakhstan, where the greatest amount of progress and support for economic reforms has been demonstrated, USAID will offer the full range of activities listed in the following table. The Quality Management Services program will be offered only in Kazakhstan.

In Kyrgyzstan, where the government has shown a commitment to economic reform, USAID will also offer the full range of activities listed in the table below.

While the government of Tajikistan has demonstrated its commitment to economic reform, political instability in the country has limited USAID/CAR's ability to provide assistance there. Because travel restrictions have recently eased, USAID/CAR is hoping to offer the full range of activities as noted in the table below.

Over the past several years in Uzbekistan, economic reform has progressed at a slow pace, leading USAID/CAR to apply a scaled down array of assistance. Recently, however, the Government of Uzbekistan re-committed itself to a more rapid pace of reform. Consequently, USAID/CAR will offer the full range of activities as noted in the table below.

In Turkmenistan, where the government has failed to embrace reform and to adopt and implement the prerequisite laws, regulations and institutions, USAID/CAR will limit its support to business training (business courses and professional accounting courses) in selected areas. Should additional funding become available, however, the contractor will support limited business advisory services and regional trade activities.

The sub-regional importance of the Ferghana Valley region must not be understated. The extensive dependence on agriculture (both production and processing) in this region affects the economies of Kyrgyzstan, Uzbekistan, and Tajikistan. The contractor shall tailor project resources to provide agro-business information, training, and education to this critical region of Central Asia. There would be no support to "on-farm" activities, but rather to "downstream" such as food processing and to "upstream" activities, such as the supply of fertilizers and seeds.

When considering personnel and staffing decisions, the contractor should take a regional view. For example, USAID/CAR envisages that the contractor would have its Chief-of-Party in Kyrgyzstan (a U.S. citizen), as well as the various regional advisors. Meanwhile, the contractor will have a Country Representative in each of the five countries, along with various country-specific advisors.

### Location of Components<sup>1</sup>

| Kazakhstan | Kyrgyzstan | Uzbekistan | Tajikistan | Turkmenistan <sup>2</sup> |
|------------|------------|------------|------------|---------------------------|
| BT         | BT         | BT         | BT         | BT                        |
| ACCTG      | ACCTG      | ACCTG      | ACCTG      | ACCTG                     |

<sup>1</sup> BT: Business Training; ACCTG: Accounting Reform; BAS: Business Advisory Services; RTP: Regional Trade Promotion; QMS: Quality Management Services; AD: Association Development

<sup>2</sup> In the areas of BAS and RTP in Turkmenistan, this is subject to the availability of additional funding and a demonstrated willingness on the part of the Government of Turkmenistan to implement economic reform.

|     |     |     |            |            |
|-----|-----|-----|------------|------------|
| BAS | BAS | BAS | <b>BAS</b> | <b>BAS</b> |
| RTP | RTP | RTP | RTP        | <b>RTP</b> |
| QMS |     |     |            |            |

### III. Statement of Work

#### Requirements

This activity consists of six components, five of which are key components, and a final, cross-cutting component: 1) Business Training, 2) Accounting Reform, 3) Business Advisory Services (which would include some work with business associations in Uzbekistan, Tajikistan, and, if conditions warrant, in Turkmenistan), 4) Regional Trade Promotion, 5) a Quality Management Center in Kazakhstan, and 6) Other Cross-Cutting Related Activities.

#### A. Business Training

Due to the legacy of the Soviet era command economy, the majority of Central Asian citizens lack basic business education and training. Therefore, the development of human resources must be a top priority for bringing the Central Asian Republics into the global market economy. USAID/CAR considers education and professional training for business people, public officials and the next generation of entrepreneurs as an important step in making the transition to a market economy.

Entrepreneurs need access to basic business education courses in management, marketing, finance, accounting and other areas of business. Government officials responsible for the passage and implementation of economic reforms also need basic business education. Owners and operators of small businesses need assistance in identifying market niches and developing strategies and business plans to reach targeted markets. Chief accountants, auditors and financial officers need to understand and implement international accounting standards, practices, principles and ethics. Therefore, all the services and assistance offered are demand driven.

USAID/CAR has learned a great deal about delivering business training from its successful enterprise accounting reform activities in Central Asia and from the first two years of implementation of this SME Development Activity. For example, in Kazakhstan, USAID delivered short-term, conversion-specific, accounting training to over 6,000 chief accountants in the process of helping over 1,370 enterprises convert their financial systems from the old accounting standards to the new IAS-based standards. In Kyrgyzstan, more than 3,100 participants have completed an intensive financial accounting training course, of which over 86% (2,656) has been women.

The objective of this component is to provide practical business training to entrepreneurs, SME managers and selected government officials throughout Central Asia.

Proposal Requirement: The bidder is required to propose its method of selecting, delivering, and overseeing quality control of business training, including professional accountancy courses.

Contract Deliverable: The contractor will also be responsible for quality control and for the security of all examinations.

Contract Deliverable: The contractor will select business-training material for basic business practices such as finance, marketing, management, accounting, business planning, information technology and strategic planning.

Wherever possible, this material will be drawn from existing material that is available in the Russian language and meets project standards. This training will consist of business courses (4-40 hours) for entrepreneurs, SME managers and appropriate local government officials. In general, the project will support limited training for local government officials who have expressed an interest in private-sector development. No more than 20% of participants should be from the government. Business training will be required to maximize the potential benefits of the Enterprise Development Centers (EDCs), which will operate under the project. This will be done by expanding their course offerings to include material that addresses issues associated with trade, procurement, franchising, leasing, quality management, ISO certification and other related topics. The recipients of business training do not, necessarily, have to be clients of business advisory services.

The economic value of a well-developed agri-business sub-sector in the Ferghana Valley must be stressed in targeting SMEs in project activities in Kyrgyzstan, Uzbekistan, and Tajikistan.

Contract Deliverable: The contractor will tailor BAS activities and business training to meet the unique demands of agri-businesses in the Ferghana Valley.

In the past, business courses were advertised and offered to the general public through open enrollment. Though USAID's open enrollment strategy was successful, it was determined that the target audience, that is, those capable of making managerial decisions, could be better reached by through more strategic, customized course offerings.

Contract Deliverable: Under this contract, however, open enrollment courses will be offered only in Turkmenistan, where training will target the next generation's entrepreneurs and managers. For the other republics, the contractor will deliver courses targeting companies with which the EDCs are working on related training and technical assistance, such as franchising, ISO 9001/2000, and import-export.

Customized business training will be targeted toward specific technical and/or managerial needs of client enterprises. As such, it will focus on the decision-makers and will be organized and scheduled in such a fashion as to take advantage of their availability, *i.e.*, evenings and weekends.

Contract Deliverable: The contractor shall design and offer courses that tie directly to specific objectives within the project's overall objectives. Further, the contractor will develop indicators to gauge the impact of its work. Some effort should be made to differentiate between the more "off-the-shelf" courses, such as in marketing, finance, or accounting, and the more targeted – yet general – courses such as those in import/export or franchising.

For example, to stimulate greater cross-border trade through the Regional Trade Promotion component, the contractor could offer courses on export/import. Additionally, courses should be offered to assist local companies in preparing bids to compete for multinational corporation tenders. Courses can also be offered that directly support other project activities, such as "How to Read a Financial Statement" for enterprises converting to international accounting standards.

Contract Deliverable: The contractor will "batch" its "off-the-shelf" courses with more specialized courses, to the extent possible.

Proposal Requirement: The bidder shall propose the expected outcomes and impact of its training on the SMEs that are assisted. Second, the bidder shall propose the total number of hours of business training it will deliver by year and by country.

There is a great deal of interest and potential for franchising in Kazakhstan.

Contract Deliverable: The contractor will conduct a series of seminars and workshops promoting franchising in Kazakhstan. The contractor will conduct a review of franchising possibilities in Kazakhstan.

Promotional efforts will feature work with local associations of entrepreneurs to conduct a franchise trade show and work with government officials to develop marketing material that promotes franchise opportunities in Kazakhstan to U.S. franchisers. The number of seminars and related activities will be included in the annual workplans.

Contract Deliverable: The contractor shall monitor, evaluate and work to continually improve the training curriculum.

This will be accomplished by follow up, in-company visits with course participants, questionnaires completed at the end of each course, follow up surveys, or other means. These efforts will ensure that courses are well coordinated with other aspects of the activity and that the contractor is accurately targeting the needs of SMEs in the region. Additionally, as part of its efforts to streamline the delivery assistance and to maximize training under a limited budget, USAID/CAR envisions the establishment of regional training, material and programs, which will utilize local-training partners (LTPs).

USAID has a separate agreement with the Citizens Democracy Corp to provide MBA Enterprise Corp Graduate School Volunteers (GSV) to the contractor as members of the Enterprise Development Project. (See *Attachment J* for a summary of the MBA program with CDC.) It is expected that this agreement will continue over the course of the new project. Typically, these volunteers receive language training and then serve for one year. A new group of volunteers should begin near the date that this project commences. The contractor will be expected to facilitate and coordinate the GSV's role in this activity and will be evaluated by the CTO on how extensive these GSV team members are utilized. Specifically, the contractor will provide a working area, transportation, per diem, and other incidentals for each GSV.

In the past, the Peace Corps has assigned business volunteers (PCVs) to LTPs in various countries of Central Asia. The volunteers work part-time on this activity. Currently, however, the Peace Corps has volunteers posted only to Kazakhstan. This may change over the life of the project.

Contract Deliverable: Depending on the availability of Peace Corps volunteers, the contractor will cover the cost of transportation, accommodation, and per diem associated with PCV project activities and visits to the contractor's offices or the training facilities.

## **B. Accounting Reform**

USAID has played a major role in providing technical assistance for accounting reform in the Former Soviet Union (FSU). While a large portion of this effort has been centered on the five Central Asian Republics (Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan), USAID has been active in promoting accounting reform in almost all of the former republics of the FSU. Drawing from international associations such as the International Federation of Accountants (IFAC) and International Standards of Accounting Reform (ISAR), one key aspect of USAID's accounting reform assistance has been to provide the guidance and standards covering most of the components of a global accounting framework. This includes financial accounting standards, audit standards, a code of ethics, management accounting standards, guidance for forming professional associations, establishment of education programs, and administration of exams.



USAID/CAR has been successful in developing accounting/auditing associations that serve as a means of professional development and a lobbying voice to protect and promote the interests of progressive accountants/auditors. Under this contract, USAID/CAR will continue to support progressive accounting associations in Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan, which have or will adopt International Federation of Accountants (IFAC) compliant charters (see attachment). One objective of this support is to assist the associations to become qualified for full IFAC membership and to strengthen their position under the regional umbrella of the International Council of Certified Accounting and Audit Associations (ICCAA). (See *Attachment J* for additional information on ICCAA.)

USAID has been rigorous in basing its technical assistance for accounting reform on the IFAC framework. This is particularly the case in Central Asia. USAID/CAR has pushed for the adoption *in form and content* of IAS,<sup>3</sup> a process that is well underway in both Kazakhstan and Kyrgyzstan. USAID/CAR also persuaded both those countries to adopt IFAC's International Standards of Audit (ISA), as well as the IFAC Code of Ethics.

USAID has supported the establishment and development of the International Council of Certified Accounting and Auditing Associations (ICCAA).

Contract Deliverable: The contractor will assist to develop a regionally harmonized education, examination, and certification program based on IFAC guidelines. Contractor support for association accounting and audit association development includes, but is not limited to, logistical and financial support for the meetings and conferences related to formation and development of national accounting and auditing associations and the regional ICCAA. The contract will assist ICCAA is developing and implementing a business plan that will lead to financial sustainability. The contractor will support associations through the provision of equipment and supplies, along with technical assistance and training.

In addition, USAID/CAR has required accounting and audit professional associations to adopt charters compatible with membership in IFAC in order to qualify for receiving USAID/CAR technical support. USAID/CAR has actively supported associations to become associate or full members of IFAC. In the process of promoting IFAC standards, policies and procedures, USAID/CAR has funded, and will continue to fund under this contract, the translation and printing of core accounting text and IFAC documents into Russian.

Thus, USAID/CAR and the global accounting framework it has been developing, has been a primary force in helping to promote accounting reform in Central Asia. The international standards and guidelines have provided a countervailing paradigm that has mitigated the tendency of national governments to want to create an accounting and audit framework unique to their particular country (and under their continued control). It has had the same salutary effect in pushing local accountants and auditors and nascent professional associations to improve their governance and technical and professional standards to meet those of the global framework.

Since USAID/CAR's program began in the region in 1997, individual courses comprising the program have been given to over 15,000 participants. Almost 7,000 individuals have volunteered to take rigorous and comprehensive exams in those courses. Over 3,500 exam candidates have passed course-specific exams. In addition, thousands of accounting students in higher education institutions throughout Central Asia are being taught the academic version of these courses and curriculum.

USAID/CAR has supported the establishment of the legal/regulatory basis for adoption of IAS and ISA in both form and content in Kazakhstan, Kyrgyzstan and Uzbekistan.

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<sup>3</sup> International Accounting Standards, as promulgated by IASB.

Contract Deliverable: The contractor will continue to support the establishment and development of the IAS and ISA legal/regulatory basis in these countries as well as in Tajikistan and Turkmenistan as far as the situation in these countries permits. The contractor will provide training on IAS and ISA to appropriate government officials. It will also offer technical assistance and guidance pertaining to accounting and audit laws, decrees and regulations and assistance to regulatory bodies, such as securities market regulatory bodies, involved in accounting in each country.

Contract Deliverable: The contractor will make a best effort to encourage the governments of Kazakhstan, Uzbekistan and Tajikistan to adopt National Accounting Standards and Standard of Audit that are fully compliant with International Accounting Standards and International Standards of Audit. (Kyrgyzstan has already done so.) *The contractor will be recognized for the successful adoption and implementation of IAS/ISA by these countries.*

An essential part of the transition to market economies is the development of professional accountants to provide financial information and analysis. As part of its ongoing support for accounting reform in Central Asia, USAID/CAR is currently providing technical assistance for the implementation of a Russian-language certification program for professional accountants.

The certification program is based on international accounting standards and practices. The goal of the program is to create professional accountants who are at the same technical and professional level as their counterparts in advanced market economies. In addition, the program aims to promote regional economic and professional integration, by creating a common certification framework for all five Central Asian Republics.

The program provides a set of seven core accounting courses, plus a course on Information Technology that complies with the education guidance for professional accountants issued by the International Federation of Accountants (IFAC). The course also complies with additional guidance included in the model global curriculum developed by the United Nations Council on Trade and Development/Intergovernmental Expert Working Group on International Standards of Accounting and Reporting (UNCTAD/ISAR). The specific technical content of the program is based on the UNCTAD/ISAR's model global curriculum.

The core accounting subjects covered by the seven courses include financial accounting, managerial accounting, finance, audit, tax and law. These courses can either be delivered in a training, academic or self-study format.

In the training format, each of the seven core accounting courses is 60 hours long. (The IT course will be shorter). The eight specific courses are as follows:

1. Financial Accounting I
2. Financial Accounting II
3. Management Accounting I
4. Management Accounting II
5. Finance
6. Audit
7. Tax & Law
8. Information Technology (IT)

Most of the courses are based on Russian translations of prominent textbooks from Western market economies plus materials developed and adapted for the region by local professionals.

Each course, except the IT course, relates to a comprehensive, rigorous and independent exam. A successful exam candidate can either receive a “Pass” (50%-74%) or “Pass with Distinction (75%-100%).

Participants who pass exams can earn three designations:

1. *Accounting Technician*
2. *Certified Accounting Practitioner (CAP)*
3. *Certified International Professional Accountant (CIPA)*

The first level designation is Accounting Technician. This is a USAID/CAR designation. It is not based on IFAC International Educational Guidelines. Rather, successful completion of the Financial Accounting I examination is the basis for membership in some of the accounting associations in Central Asia. This designation can be earned by receiving at least a “Pass” on the exam for the first financial accounting course.

Proposal Requirement: The bidder will propose by year and by country how many Accounting Technicians it will train, examine and certify.

The second level designation, based on the IFAC Study Two guidelines, is the “Certified Accounting Practitioner (CAP)” This requires receiving at least “Pass” on the exams for first Financial Accounting and Management Accounting courses, plus at least “Pass” on the Tax & Law course exam.

Proposal Requirement: The bidder will propose by year and by country how many Certified Accounting Practitioners it will train, examine, and certify.

The third designation is “Certified International Professional Accountant (CIPA).” The CIPA requires receiving “Pass with Distinction” on the second level Financial and Management course exams, the Audit course exam, the Finance course exam and the Tax & Law course exam. The CIPA must also complete the IT course.

Proposal Requirement: The bidder will propose by year and by country how many Certified International Professional Accountants it will train, examine and certify.

Contract Deliverable: The contractor shall design a plan for implementation that maximizes the number of USAID certified technicians, certified international accounting practitioners, and certified international accounting professionals.

Proposal Requirement: As part of the proposal, the bidder shall propose the maximum number of accountants who can be trained, and certified in each category, in each country, and provide those deliverables to USAID/CAR in its proposal. Except in the case of Turkmenistan, no more than 30% of the budget, per country, should be dedicated to this task.

Contract Deliverable: The contractor, in cooperation with ICCAA and in partnership with “Big Five” accounting firms and other multinational corporations, will manage an Examination and Certification Network (ECN) that will prepare, administer and grade the professional accounting examinations and issue certificates throughout Central Asia.

This model would be an example of a Global Development Alliance (GDA), which is being promoted by USAID. As noted on the USAID web-site, “The GDA will be a reorientation in how USAID sees itself in the context of international development assistance, in how we relate to our traditional partners, and how we seek out alliances with new partners.” Some of the more specific GDA guidance stipulates “Alliances must clearly

establish up front how the interests and objectives of each party converge.” (For additional guidance, see the USAID web-site.) For cost and operating efficiency, the actual administration may be done through a third party entity with experience in administering examinations and with an existing presence in Central Asia.

It is essential that the accounting curricula of higher education institutions (HEIs) be reformed to provide the comprehensive accounting education required by professional accountants and auditors to reach world standards. USAID/CAR has supported the development of a regional model accounting curriculum based on CGA and UNCTAD/ISAR.

Contract Deliverable: The contractor will work with the ministries of education in cooperating countries to adopt the model curriculum and will assist HEIs in its adoption. Also, the contractor will be responsible for the translation and printing of textbooks that adhere to the new curricula.

The eight courses described above are designed to be readily adapted to comprise the core of the undergraduate accounting curriculum for Higher Education Institutions (HEIs) in Central Asia.

Contract Deliverable: The contractor will work with ministries of education and HEIs to adopt this reformed accounting curriculum.

*The contractor shall be recognized for the successful adoption of the model curriculum by the ministries of education in Uzbekistan and Tajikistan.* (The ministries of education in Kazakhstan and Kyrgyzstan have already adopted the global model accounting curriculum.)

USAID/CAR has had success in developing accounting/auditing associations that serve as a means of professional development and a lobbying voice to protect and promote the interests of progressive accountants/auditors.

Contract Deliverable: The contractor will provide support for association accounting and audit association development. This includes, but is not limited to, logistical and financial support for the meetings and conferences related to formation and development of national accounting and auditing associations and the International Council of Certified Audit and Accounting Associations (ICCAA). The contractor will support associations through the provision of equipment and supplies.

Contract Deliverable: Under this sub-component, the contractor will work to help non-IFAC members meet the requirements for membership, while helping those who currently hold associate status gain full IFAC membership. Also, the contractor will work with the newly formed regional accounting association, ICCAA, to develop a business plan for self-sustainability.

### **C. Business Advisory Services**

USAID/CAR has been offering business advisory services (BAS) successfully in Bishkek and Osh, Kyrgyzstan since October 2000. Under the SME Development Activity, USAID currently has Enterprise Development Centers (EDCs) in Almaty, Pavlodar, Ust-Kamenogorsk, Uralsk and Atyrau, Kazakhstan; Bishkek and Osh, Kyrgyzstan, Tashkent and Ferghana City, Uzbekistan; and Khojand and Dushanbe, Tajikistan. The EDCs serve small- and medium-sized enterprises that would not otherwise have access to such expertise. The EDCs provide business advisory services (BAS) to assist local companies in improving operating efficiency, identifying trade opportunities, locating potential suppliers, and entering new markets, and other efforts that improve their business. The EDCs are staffed with a combination of recent graduates of top U.S. business schools and experienced local professional consultants. The EDCs also offer seminars and workshops on business and trade issues relevant to the local SME community. In situations where firms require technical assistance beyond the

capabilities of the EDC staff, senior volunteers from private voluntary organizations (PVOs) such as but not limited to CDC, ACDI/VOCA, and IESC are recruited.

USAID/CAR conceived and implemented the BAS component of the SME Development Activity as a “pilot” project. Based upon the success of the pilot and the availability of funding, USAID/CAR envisions that other business advisory centers would be established. Not only has the pilot been a success, but also the positive results of the pilot have led to requests for such services throughout Central Asia.

Recently, the Government of Kazakhstan appealed to the donor community to increase such services to the country’s SMEs. The focus of this appeal is to improve the quality of the products and services offered by local firms to meet the international standards required by multinational corporations working in Kazakhstan. EDCs are particularly well suited to provide technical assistance required meeting these standards.

Contract Deliverable: The contractor will support the continuance of existing services. This means that the contractor will offer Business Advisory Services (BAS) through the Enterprise Development Centers in Bishkek and Osh, Kyrgyzstan; Almaty, Atyrau, Uralsk, Pavlodar and Ust-Kamenogorsk, Kazakhstan; Ferghana City, and Tashkent, Uzbekistan; and Khojand and Dushanbe, Tajikistan. Subject to the availability of funding beyond the base \$9 million per annum, additional business advisory services may be provided in other locations throughout Central Asia. This expansion of services to additional sites in Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan, based upon additional resources, would require CTO approval. Such an expansion would include Turkmenistan only if USAID/CAR determines that the outlook for economic reform has improved. Once again, CTO approval would be required.

The provision of BAS will be offered to companies, which are at least 75% privately owned, at least 67% Central Asian ownership, and having up to 500 employees. (BAS may be offered to larger companies on a case-by-case basis subject to CTO written approval.) The BAS approach will be to view SMEs as clients of business services, and not as beneficiaries of government entitlements.

Contract Deliverable: The contractor will work to ensure that the client firms place a value on business advisory services. Toward this end, it is expected that clients will make some type of contribution that partly reflects a value for the services that they receive.

Contract Deliverable: The contractor will identify the needs of the target companies and develop a strategy to address these needs. It will assist companies in improving operating efficiency and in expanding their ability to access and identify markets. The providers of BAS will first research the current needs of SMEs through interviews with entrepreneurs and SME managers, and through the relevant studies, work, and reports of other donors.

Contract Deliverable: Included in the first Work Plan, the contractor will propose to the CTO how it will determine the impact of its business assistance efforts provided through the EDCs. *The contractor would be recognized for increased firm-level impact that is attributable to its efforts.*

Whenever possible, business advisory services will be staffed with a combination of recent graduates of top U.S. business schools recruited through GSV programs and experienced local professional consultants. For technical advice, the BAS providers will use these local professionals, GSVs, and experienced volunteer business advisors (EVAs). The volunteers will be teamed with experienced local employees. The BAS teams will provide technical assistance and advice and make recommendations for services available through the BAS, other donor programs, local consulting services, and other USAID/CAR programs.

Contract Deliverable: Where such GSV or EVA volunteers are not available, the contractor would hire someone locally. Ideally, such a person could be a recent Peace Corps Volunteer who has not left the country, a spouse of an expatriate, or a U.S.-trained local resident.

Proposal Requirement: The bidder shall propose an optimum number of EVA assignments by country and by year. Second, the bidder should propose the expected outcomes that are associated with this assistance and the impact on client enterprises. Assignments and consultants should be based upon maximum expected client impact, *e.g.*, revenues, employment, etc.

Proposal Requirement: The contractor should propose how it will work to strengthen the capacity of the local consulting industry, and the means it will use, such as teaming or subcontracting.

Contract Deliverable: The contractor will work to ensure that the providers of BAS will team with local consulting companies to build their professional capacity and will utilize their services as appropriate. As part of this process, the contractor will ensure that its advisory services do not undermine or “crowd out” domestic consultants who may already be operating. When practical, the EVAs will team with a representative of local consulting companies when providing technical assistance or advice to SMEs. While the contractor will work to strengthen local consulting companies, the strengthening of such companies will not be the primary focus of the project. Rather, the development of SMEs will be the primary focus.

Contract Deliverable: The contractor will work to ensure that the provision of BAS also will serve as a business catalyst by identifying potential business opportunities and working to facilitate SME business transactions. This could include identifying products, potential technology transfers, and new marketing opportunities; assisting SMEs in accessing investment and operating capital; and providing technical assistance and other support specifically required to make ventures successful.

When possible, members of the BAS team will assist client companies in maximizing the value of the Regional Trade Promotion and the Quality Management Program component. In addition, it is expected that the contractor will work closely with the staff of USAID/CAR’s SME Trade & Investment Project (TIP), which has five oblast-level offices located in Almaty, Pavlodar, Ust-Kamenogorsk, Uralsk and Atyrau, Kazakhstan; and Bishkek and Osh, Kyrgyzstan. (See *Attachment J* for Scope of Work for Trade & Investment Project)

Contract Deliverable: A portion of the contractor’s performance evaluation will be based on its ability to complement and coordinate its activities with TIP to maximize synergies between these projects.

Because of the developing nature of the business environment, a number of operating rules and procedures may be adjusted on an annual basis through the implementation of the work plan. Such rules and procedures would include the exact criteria for the eligibility of companies, the limits on advisory support, the qualifications and payments for the advisors, modes of coordination within the BAS, and other operating rules and procedures. In general, the intention is to assist companies in order to spur profitability and growth in a cost-effective manner and to promote synergies with other assistance programs.

The BAS providers seek to serve small and medium enterprises that would not otherwise have access to such expertise. Business advisory services, however, should not be entirely free.

Contract Deliverable: The contractor will develop a schedule of fees based on local market conditions. This should be set up so that the funds available from USAID go further, and to demonstrate the value of the advice that the client firms receive. Such fees, however, will not be paid to the contractor. Rather, they will be paid to

the local training partner that is engaged in the project. In general, business advisory services should not be free. In the case of consulting for ISO 9001/2000, fees should always be paid.

The provision of BAS must also be cost-effective. This means that criteria should be established so that decisions can be made early in the process to eliminate companies that have little hope of survival. At the same time, it will not be cost-effective to support one-on-one advisory services to very small firms. Even if this were successful, it would not provide an adequate benefit to justify the expenses. It should, however, be possible to help small companies through "batch processing" of SMEs in similar industries. For example, if a dairy in Osh, Kyrgyzstan receives advisory services, it would make sense to offer similar assistance to another dairy in the area around Andijan, Uzbekistan, or elsewhere in the proximity. In a similar fashion, courses with open enrollment will be batched with the provision of business advisory services and specialized workshops, such as in business restructuring. The advisors could provide some generic tools and help company executives of similar industries through industry specific courses and workshops on a large enough scale to be cost-effective.

Under the current SME Trade & Investment Project, technical assistance is being provided to enhance advocacy skills within business associations in Kazakhstan and Kyrgyzstan. The objective of such assistance is to strengthen the ability of associations to serve as advocates for economic reform. Under this project, there is no component for business associations or business advocacy. Nonetheless, USAID/CAR expects that selected associations will be improved in Uzbekistan, Tajikistan, and Turkmenistan under the BAS component. Clearly, these are the three countries that are the least friendly toward private enterprise. As such, the business environments in these countries require the most assistance.

Contract Deliverable: The contractor will work to improve and enhance the advocacy capabilities of business associations in Uzbekistan, Tajikistan, and Turkmenistan. Any such assistance provided for this sub-component (business associations or business advocacy) would be done with any of the additional resources that USAID/CAR may receive in any given year.

Contract Deliverable: To the extent feasible, the contractor will work to strengthen a limited number of private business associations in each country. In Turkmenistan, this will hinge on the availability of additional resources.

#### **D. Regional Trade Promotion**

The collapse of the Soviet Union has had a severely negative impact on the economies of the Central Asian Republics, particularly in terms of dramatically reduced trade. Sources of input for agriculture and raw materials and components for industry were shut down. Markets for Central Asian products were cut off. Transportation routes were closed or interrupted. The inability of businesses in the Central Asian Republics to re-establish trade linkages across borders has resulted in high unemployment, widespread poverty, and stifled growth of small and medium enterprises. The emergence of five independent nations in Central Asia has led each of the republics to economic isolation, exacerbated ethnic problems, created border disputes and political tensions, and increased the potential for conflict.

These problems are particularly acute in the Ferghana Valley, the important agricultural area spread across Tajikistan, Uzbekistan, and Kyrgyzstan. The extreme poverty of this area, and its proximity to Afghanistan and Iran, make it a target for radical Islamic fundamentalism. Since the emergence of the New Independent States, the political, religious and ethnic tensions in the Ferghana Valley have occasionally erupted into open conflict.

The needs most commonly cited by private businesses in Central Asia are the following: timely and current information, new skills, and affordable and accessible capital. However as one begins to delve further into how best to meet these needs, it becomes apparent that the key catalyst for each often lies in identifying and

accessing new markets. That is, the connection, or in many cases, the re-connection, of buyers and sellers can often be the stimulus that provides the information, clarifies the need for new skills, or serves as the leverage to make capital affordable and/or available.

Through Regional Trade Promotion (RTP), USAID/CAR will expand regional trade by bringing people and businesses together as *trading partners*. RTP will promote economic development, reduce cross-border tensions and conflict, increase regional stability, foster greater regional cooperation and cohesion, and grow SMEs.

RTP will enhance the profitability of small and medium enterprise and agri-business in Central Asia by expanding trade in the region. It will be USAID/CAR's first major initiative specifically aimed at increasing regional trade, and the first to employ technology designed to facilitate regional trade. The resulting technological advances and trade relationships developed as a result of this initiative will serve to fuel lasting growth of Central Asia's SME environment after USAID assistance has ceased.

The Regional Trade Promotion component will include the operation of a Regional Trade Network (RTN). The internet-based RTN will facilitate communication, collaboration, and sustainable partnerships among Central Asian SMEs. This technology will enable enterprises to locate potential customers, vendors, and other business partners in the region. Most SMEs and agri-businesses in Central Asia do not have access to the Internet, or even to computers. Therefore, RTP teams, consisting of local experts and one expatriate, will canvas SMEs and agri-businesses to gather information on their production, including necessary inputs and intermediate and finished products. These teams will enter the information into the RTN terminals. The resulting trade leads will be qualified, matched, and disseminated over the RTN. Trade leads will be examined first for possible transactions at the local or regional level. The RTP teams in each republic will notify firms having the potential to enter into a transaction with the originating firm.

This process ensures that local firms have priority access to each potential transaction and will steadily expand their knowledge of the firms, products, and services available in each locale. When a match cannot be made locally or regionally, the trade lead will be run through the USAID Global Bureau's Global Technology Network to identify potential trade opportunities with American firms.

The RTN terminals will be housed in the Enterprise Development Centers, which will be supported by USAID/CAR through the project, as well as in existing local business associations. This will ensure greater local access to the information and facilitate RTN training for association members. This will prepare local counterparts to continue building sustainable trade partnerships after USAID/CAR support is completed.

In addition to working on the RTN, the RTP staff will serve as a further catalyst to trade by identifying potential business opportunities and working to facilitate transactions between SMEs. This will include identifying products, potential technology transfers, and other support specifically required to help make ventures successful. The RTN is expected to go on-line, *i.e.*, become operational, by January 2002 (web-site: [www.smetradecenter.net](http://www.smetradecenter.net)).

**Contract Requirement:** The contractor shall maintain and expand this component via a network of Enterprise Development Centers (EDCs) (located in Almaty, Pavlodar, Ust-Kamenogorsk, Uralsk and Atyrau, Kazakhstan; Bishkek and Osh in Kyrgyzstan; Ferghana City and Tashkent in Uzbekistan; and Khojand and Dushanbe in Tajikistan), as well as business associations.

The objective will be to increase trade by bringing people and businesses together as trading partners. The centers link buyers and sellers through an internet-based Regional Trade Network (RTN). The centers also facilitate partnership by linking local business associations. Expanded regional trade within the republics of



Central Asia promotes economic development, reduces cross-border tensions and conflict, increases regional stability, fosters greater regional cooperation and cohesion, and grows SMEs.

Contract Requirement: The contractor will continue and expand, as appropriate, these regional trade network activities. Success will be measured by the extent to which trade is expanded within Central Asia, as well as within the larger area of the Former Soviet Union.

The RTP component's chief objective will be to maintain a database of businesses in the Central Asian Republics that will be used as a basis from which a system of matching buyers and sellers is to be implemented. The RTN may link with other trade-based web-sites, such as the Global Trade Network (GTN) of USAID, or any other commercially viable business-to-business network that can be adapted to the needs of Central Asian businesses.

While trading on a global scale into the United States, Western Europe, or Asia is desirable, the realities within an abundance of the businesses in Central Asia is that cross-border trading within Central Asia is the first logical step. Further expansion into the FSU and Central Eastern Europe would occur as businesses develop. The envisioned regional trade promotion activity will be capable of assisting those businesses that are further into their growth/development and whose products can compete in other market places. The overarching goal of the RTP is to expand trading activities first locally, then regionally, and ultimately internationally.

As the RTP teams perform company assessments, they will enter this information into the RTN. These assessments will involve learning the particular "inputs and outputs" of companies in an attempt to gauge how the project may assist, and determining which services USAID/CAR may be able to offer in order to benefit the companies. The objective will be to use the RTN to obtain better and more price-competitive inputs and to expand the market for the outputs.

Proposal Requirement: The bidder shall propose the number of company assessments by year and by country that it will accomplish over the course of the contract.

Contract Deliverable: Included in the first Work Plan, the contractor will propose to the CTO how it will determine the impact of its efforts in regional trade promotion. The focus should be on increased trade and other such quantifiable indicators. The contractor may choose to devise a performance monitoring method that demonstrates the contractor's ability to facilitate trade transactions deals by using information logged into the RTN. *The contractor would be recognized based on increased trade directly attributable to the RTP activities under this contract.* The contractor shall pursue efforts to markets and stimulate greater trade among the Central Asian Republics, and between each of the Central Asian Republics and Russia, Ukraine or any other country, as practicable and appropriate, to increase trade by facilitating trade through the RTN trade leads.

The RTP will contain both the human and technical resources that provide the business communities of Central Asia with the trade advocacy support necessary to create a more vibrant cross-border trading environment.

Contract Deliverable: The contractor will ensure that these resources will be formed into RTP Teams that work closely with the other components in the Enterprise Development Project (Business Training, Accounting Reform, Business Advisory Service, and Quality Management). This will ensure that businesses are strengthened to the maximum degree possible so as to take full advantage of the potential of the RTN.

#### **E. Quality Management Services**

In an effort to stimulate growth among SMEs, USAID recently developed a business plan to partner with U.S.-based multinational oil companies to create a Quality Management Center (QMC) in Kazakhstan. USAID/CAR

has identified this oil-rich region along the Caspian Sea as a focus area for the Global Development Alliance in Central Asia. For the past two years, USAID/CAR has supported the Atyrau Regional Initiative, a major public-private partnership.

With its increased importance to the U.S. Government and U.S.-based multinational oil companies, Kazakhstan requires significant assistance to meet increasing demands from the international community. Of particular importance is the ability of Kazakhstan's SME sector to gain the necessary skills and knowledge to run successful, internationally competitive SMEs able to supply goods and services to the oil industry.

Currently, U.S.-based multinationals are under tremendous pressure to buy goods and services from local, Kazakhstani suppliers. The GoK is insisting that multinationals significantly increase local content and has threatened to impose import substitution policies if this condition is not met. Though multinationals would like to comply, few SMEs are currently capable of producing goods that meet the standards required by those companies.

To develop a Quality Management Center in Kazakhstan, USAID/CAR is seeking potential partnerships with U.S.-based multinational corporations to offer quality management and ISO 9001/2000 training to local companies. This model would be another example of a Global Development Alliance, and is based upon the "Preliminary GDA Guidelines for USAID." For example, "GDA alliances are expected to bring significant new resources, new ideas, new technologies and/or new partners to address development problems..." (See the USAID web-site for additional information and guidance on the Global Development Alliance.) Once these companies have received ISO 9001/2000 certification, they will meet international standards and qualify to provide goods and services to the multinational corporations. Both the multinationals and the Government of Kazakhstan have requested that the donor community increase assistance for this purpose.

Contract Deliverable: The contractor will establish one Quality Management Center (QMC) in Kazakhstan. The QMC will plan, schedule and program services in accordance with the market needs. Furthermore, this center will develop an on-going quality and procedures program that will meet the needs of each company deemed qualified to be prepared for ISO certification. Such companies are to receive a high-quality training and consulting program that leads to achieving ISO certification. Quality Management Center representatives and ISO auditors would be hired locally and would work in the EDCs.

Proposal Requirement: In its proposal, the bidder shall propose the maximum number of companies it will initiate in the ISO certification process and the minimum number of companies it can help to achieve certification. *The contractor will be recognized for successes based on increased revenues directly attributable to QMP activities under this contract.*

Contract Deliverable: The contractor shall implement the QMC component in conjunction with the support provided by multinational corporations located in Kazakhstan. Such support from multinationals could be cash or in-kind.

Contract Deliverable: The contractor shall propose to the CTO how it will gauge the impact of ISO accreditation. To the extent possible, such analysis should be done in collaboration with the relevant multinational corporations.

#### **F. Other Related Cross-Cutting Activities**

Another objective is for USAID to provide an SME information portal for Central Asia. Public education and dissemination of information throughout the region are major components of the project. The SME

Development Project created a web-site and database to assist in the timely and efficient flow of information on project services and accomplishments.

Contract Deliverable: This web-site will be maintained and expanded, as appropriate. The contractor will also publish a bi-monthly newsletter to serve as another means of promoting the project's capabilities to a wider business audience throughout Central Asia.

Contract Deliverable: USAID/CAR would anticipate that the contractor would undertake several assessments that directly impact on the business environment in a particular country, or perhaps the region as a whole. Each assessment would be a significant undertaking, and would involve specialized expertise. For illustrative purposes, USAID/CAR suggests that the bidder be prepared to conduct the following assessments, along with follow-on technical assistance: 1) agri-business opportunities, perhaps in Uzbekistan, Kazakhstan or Kyrgyzstan; 2) competitiveness; and 3) leasing. Any such assessment would require prior CTO approval.

Contract Deliverable: The contractor will ensure that its activities achieve impact across the breadth of potential beneficiaries. In particular, the contractor will target those activities that touch as many lives in the particular communities as possible – but with special attention given to youth. Similarly, consideration needs to be given to employment generation – a factor that will be especially important in communities where there are significant numbers of unemployed youth or demobilized soldiers. Project activities at the regional level should also take into account ethnic composition, by ensuring not only that there is inter-ethnic participation in the implementation of project activities, but also that all of the ethnic groups within the community will benefit from the projects undertaken. *The contractor will be recognized for the extent to which it exceed expectations in this important area.*

Gender is an important dimension of the project, as any region or activity that is truly representational must involve the active participation of women. Therefore, the contractor will give consideration to gender in both the project's implementation and its beneficiaries/clients.

Contract Deliverable: The contractor should strive to achieve a gender balance among its local business trainers, and target women-owned businesses for advisory and consultancy services. Also, the contractor will monitor and quantify the extent to which its activities integrate women into the business environment, and the extent to which women benefit from all the components of the project. Such quantification can be accomplished with qualitative as well as quantitative data.

Contract Deliverable: The contractor will collect relevant information regarding SMEs, such as name, address, contact information, type of business, number of employees, date registered; financials, export/import, products, input needs and other information relevant to tracking SME growth and trade activity in the region.

Contract Deliverable: The contractor will gather SME statistics in each country, as feasible. This will include such information as the number of SMEs operating, the number of workers employed by SMEs, the growth of SME revenue and/or employment, and the business sectors in which SMEs operate. This data will be used to track overall performance of the sector.

#### **IV. Benchmarks & Tangible Results**

The contractor understands and agrees that achievement of tangible results is the essence of the contract and that USAID/CAR will judge the contractor's success in the contract based upon whether or not the tangible results are achieved. In the event that any one or more of the tangible results is (are) not achieved, or should the contractor at any time realize that they are not achievable, the contractor shall immediately advise the CTO in

USAID/CAR in writing. Furthermore, in the subsequent report, required as part of the existing "Reporting Requirements," the contractor shall provide a complete explanation related thereto.

In reviewing the proposals, USAID/CAR will attach high importance on the expected results that are proposed, their feasibility, and their contribution towards achieving the intermediate result and strategic objective.

At this stage, these benchmarks are illustrative. The final benchmarks will be specified when the contract is awarded, since they will take into consideration the winning proposal.

**General Benchmark: *Enterprise Development Project***

- The contractor will submit the first annual work plan to fulfill the tasks enumerated within 30 days of signing the contract. (Work plans are subject to CTO approval prior to implementation.)
- The contractor will work with USAID/CAR to develop a Performance Monitoring Plan, which will be approved by the CTO. The Performance Monitoring Plan will be submitted within 90 days of the award of the contract, and will specify the expected results and associated indicators and targets.
- The contractor shall begin to implement the tasks in the work plan immediately upon CTO approval of the work plan.
- The contractor will have trained staff and local training partners in all five countries within 60 days of signing the contract.
- The contractor will maintain, on a continuous basis, a training schedule (by country) for both professional accounting and business training. The plan will cover the following 90 days after the signing date of the contract.

**A. Benchmarks: *Business Training***

- Entrepreneurs, relevant government officials, SME managers and accountants will begin receiving business courses and professional accounting course training within 90 days of signing the contract.
- The contractor is required to provide a cost per hour of education. This may be broken into two categories: business training and accountancy courses. It is not necessary for courses need to be broken down by subject. Again, the objective is to provide as much quality training as possible within a limited budget. The contractor will be responsible for quality control.
- The contractor is required to deliver business courses. This would include, but not be limited to, the following subjects: import and export processes, franchising, developing a marketing plan, human resource management, legal requirements for SMEs, taxation requirements for SMEs, analysis of financial statements, strategic planning and preparation of a business plan. In general, the business courses should be tied to related project activities and objectives.

**B. Benchmarks: *Accounting Reform***

Adoption of International Accounting Standards (IAS) and International Standards of Audit (ISA):

- The contractor will encourage and facilitate the adoption and implementation of national standards that are fully compliant in form and content to IAS and ISA in Uzbekistan, Kazakhstan and Tajikistan.

**Education/Examination/Certification of Professional Accountants:**

The contractor is required to deliver through local training partners the professional accountancy courses in financial accounting, managerial accounting, finance, audit, and tax-law and information technology as described in Section III above. The contractor, through an Examination and Certification Network, in collaboration and cooperation with ICCAA, will examine and certify Certified Accounting Practitioners (CAP) and Certified International Professional Accountants (CIPA) as described Section III above. Independent of

ICCAA and the Examination and Certification Network, the contractor will examine and certify Accounting Technicians. Courses have been designed and taught under the previous accounting-reform task order. These courses were designed for delivery over approximately 60 hours of classroom time. The objective is that after completing these courses specified above, participants should have a body of knowledge sufficient to allow them to take individual exams in the five modules (financial accounting, managerial accounting, finance, audit and tax, and law). Upon satisfactory completion of these exams, the participants would receive a professional certification compatible with the core accounting requirements of IFAC's International Education Guidance (IEG)-9 and Study Two as described above. The contractor shall continue to improve course material, including translations and printing of current textbooks, as allowed under USAID royalty agreements with the publishing companies.

- The contractor will continue to develop and deliver courses, exams and the administrative infrastructure for these exams, in order to establish an examination and certification program for accountants that fully complies with the International Education Guidance 9 (IEG-9), Study 2 issued by IFAC, and the USAID technician certification (Financial Management #1).
- The contractor shall propose a training and certification benchmark schedule in the workplan.
- The contractor shall assist local counterparts in implementing testing and certification programs compatible with IFAC guidance.

#### **Accounting Curriculum Development and Training of Teachers:**

In the areas of accounting curriculum and teacher training, the contractor will:

- finalize the outline of the Model Curriculum for undergraduate accounting;
- identify materials for the Model Curriculum;
- submit the Model Curriculum and materials to MOEs, HEIs and accounting teachers in Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan;
- provide special methodological/pedagogical training; and
- play a lead role in translation/printing of textbooks that adhere to new UNCTAD/ISAR curricula.

#### **Association Development:**

In the area of professional association support and development, the contractor will support the development of progressive professional accounting and auditing associations that adopt or have IFAC compliant charters, and that promote IFAC standards, ethics, practices and principles. Progress will be measured as follows:

- The level of international standardization and compliance will be measured, at a national level, by the number of individual or jointly organized associations accepted as full or associate members of IFAC. Those associations that are not members of IFAC should become associate members, and those that are associate members should become full members.
- Work with ICCAA, the Central Asian regional accounting association, to develop and to help implement a business plan for self-sustainability.

The institutional and advocating capacity of accounting and audit organizations will be measured through the adoption of National Accounting Standards that are fully IAS-compliant and National Standards of Audit that are ISA-compliant.

**C. BENCHMARKS: *BUSINESS ADVISORY SERVICES***

- The contractor will have the consulting team visit SMEs in Kyrgyzstan, Kyrgyzstan, Uzbekistan, and Tajikistan to determine business needs.
- At the end of each EVA assignment, an analysis of each company supported during the assignment will be prepared, as well as a description of recommendations made.
- The contractor will ensure that the consulting services provided to enterprises by EVAs and GSVs address the technical and managerial problems of the firms, and that they increase growth of the firm.
- The contractor will create a centralized database for compiling information on training participants, trade information, and assisted SMEs. To the extent possible, reports on the impact on business advisory will be maintained.
- The contractor will establish and maintain Enterprise Development Offices in Almaty, Pavlodar, Ust-Kamenogorsk, Uralsk and Atyrau, Kazakhstan; Bishkek and Osh, Kyrgyzstan, Tashkent and Ferghana City, Uzbekistan; and Khojand and Dushanbe, Tajikistan.
- The contractor will enhance the ability of private business associations to serve as advocates for private-sector development and economic reform in Uzbekistan, Tajikistan, and Turkmenistan. Toward this end, the contractor will provide various resources to selected associations in order to foster their development through such partnership. (Under the SME Trade & Investment Project, such assistance is provided to business associations in Kazakhstan and Kyrgyzstan.)

**D. Benchmarks: *Regional Trade Promotion (RTP)***

- The contractor will maintain and expand, as appropriate, an internet-based regional trade network to (RTN) to facilitate cross-border trade among SMEs throughout Central Asia.
- The contractor will facilitate trade among Central Asian companies and with other countries of the Former Soviet Union, such as Russia and Ukraine.
- The contractor will maintain a record of trade matches. This record will identify problem areas presented by these trade opportunities and successful transactions and make recommendations as how best to mitigate these problems.
- The contractor will devise a simple performance monitoring system that demonstrates the contractor's ability to facilitate trade.

**E. Benchmarks: *Quality Management Services***

- The contractor will provide Quality Management Services throughout Kazakhstan. The contractor will provide these services from a Quality Management Center located in an appropriate location. The contractor will propose such a location to the CTO. The contractor will assist SMEs to become ISO 9001/2000 certified. The contractor will provide information, training, and consulting to companies to assist them in becoming suppliers to the multi-national oil companies and other large firms in Kazakhstan and throughout the region.

**E. Benchmarks: *Other Related Cross-Cutting Activities***

Another objective is for USAID/CAR to provide an SME information portal for Central Asia.

- Public Education and dissemination of informational material throughout the region are major components of the project. The SME Development Project created a web-site and database to assist in the timely and efficient flow of information on project services and accomplishments. This web-site will be maintained and expanded, as appropriate.
- The contract will also publish a bi-monthly newsletter to serve as another means of promoting the project's capabilities to a wider business audience throughout Central Asia.

- The contractor will undertake several assessments that directly impact on the business environment in a particular country, or perhaps the region as a whole. Each assessment would be a significant undertaking, and would involve specialized expertise. For illustrative purposes, USAID/CAR suggests that the bidder be prepared to conduct the following assessments: 1) agri-business opportunities, in the Ferghana Valley of Uzbekistan, as well as in Kazakhstan or Kyrgyzstan; 2) competitiveness; and 3) leasing.
- The contractor will collect relevant information regarding SMEs, such information as name, address, contact information, type of business, number of employees, date registered; financials, export/import, products, input needs and other information relevant to tracking SME growth and trade activity in the region;
- The contractor will gather SME statistics in each country, including such information as the number of SMEs operating in both the formal and informal sectors, number of workers employed by SMEs, business sectors in which SMEs operate, contribution of SMEs to gross national product. This data will be used as a performance measurement tool to determine the effectiveness of this activity.

**SECTION D - PACKAGING AND MARKING****D.1 AIDAR 752.7009 MARKING (JAN 1993)**

(a) It is USAID policy that USAID-financed commodities and shipping containers, and project construction sites and other project locations be suitably marked with the USAID emblem. Shipping containers are also to be marked with the last five digits of the USAID financing document number. As a general rule, marking is not required for raw materials shipped in bulk (such as coal, grain, etc.), or for semi-finished products which are not packaged.

(b) Specific guidance on marking requirements should be obtained prior to procurement of commodities to be shipped, and as early as possible for project construction sites and other project locations. This guidance will be provided through the cognizant technical office indicated on the cover page of this contract, or by the Mission Director in the Cooperating Country to which commodities are being shipped, or in which the project site is located.

(c) Authority to waive marking requirements is vested with the Regional Assistant Administrators, and with Mission Directors.

(d) A copy of any specific marking instructions or waivers from marking requirements is to be sent to the Contracting Officer; the original should be retained by the Contractor.



**SECTION E - INSPECTION AND ACCEPTANCE****E.1 NOTICE LISTING CONTRACT CLAUSES INCORPORATED BY REFERENCE**

The following contract clauses pertinent to this section are hereby incorporated by reference (by Citation Number, Title, and Date) in accordance with the clause at FAR "52.252-2 CLAUSES INCORPORATED BY REFERENCE" in Section I of this contract. See FAR 52.252-2 for an internet address (if specified) for electronic access to the full text of a clause.

| NUMBER    | TITLE   | DATE     |
|-----------|---|----------|
|           | FEDERAL ACQUISITION REGULATION (48 CFR Chapter 1) |          |
| 52.246-5  | INSPECTION OF SERVICES                            | APR 1984 |
|           | - COST-REIMBURSEMENT                              |          |
| 52.246-15 | CERTIFICATE OF CONFORMANCE                        | APR 1984 |

**E.2 INSPECTION AND ACCEPTANCE**

USAID inspection and acceptance of services, reports and other required deliverables or outputs shall take place at:

DOS/USAID  
Enterprise & Finance Office  
41 Kazibek Bi Street  
480100, Almaty,  
Republic of Kazakhstan

or at any other location where the services are performed and reports and deliverables or outputs are produced or submitted. The CTO listed in Section G has been delegated authority to inspect and accept all services, reports and required deliverables or outputs.

**E.3 AWARD MONITORING AND EVALUATION PLAN****A) AWARD FEE EVALUATION PLAN****1) EVALUATION CRITERIA**

The evaluation criteria used in making award fee decisions under the proposed contract are divided into three major parts: technical management, business management, and cost considerations:

TECHNICAL MANAGEMENT. Technical achievements under the contract are equated with progress toward achieving the intermediate result, which fall under *IR 1.3.1 -- increased opportunity to acquire business information, knowledge and skills*. All Offerors are requested to detail in their proposals the benchmarks that they expect to be able to achieve over time that will contribute to achieving this result. Offerors may wish to suggest another input or output measure as the key measure of progress under the contract toward achieving a particular result.

The selected Contractor and USAID will agree on the overall structure of expected results, and associated benchmarks through the annual planning process under the contract. Each annual plan will define the technical results and benchmarks to be achieved over each six-month interval, to correspond to the planned timing of award fee decisions. These technical results and benchmarks are divided into several categories (see Section C), which correspond with the results framework:

- IR 1: Increased opportunity to acquire business information, knowledge and skills.

The evaluation criteria that will be applied to each of these technical elements are:

- on-time achievement of the indicators or benchmarks;
- overall assessment of the volume of results achieved vs. those planned;

- quality of the results achieved, measured through discussions with implementers, other partners, and host-country counterparts
- effectiveness of relationships with partners and others whose work is critical to achievement of overall results under the framework.

**BUSINESS MANAGEMENT.** Achievement of technical results will be accelerated or impeded by the relative effectiveness of the business management functions of the contract. Therefore, a number of evaluation criteria in this general area are judged pertinent in award fee decisions:

- On-time deployment and effective management of key personnel;
- On-time reporting of progress and results;
- Effectiveness of MIS systems (quality of data collection and reporting); and
- Effective control of property.

**COST CONSIDERATIONS.** Proper financial management and prudent use of Government resources are also critical to efficient contract operation. The following criteria will apply to award fee decisions:

- Accuracy of contract financing projections;
- Timeliness and accuracy of financial reporting;
- Costs presented are allowable and allocable under the contract; and
- Economies are demonstrated in the use of personnel and materials.

## 2) WEIGHTING OF PERFORMANCE AREAS

The following weights are assigned to the performance areas defined above:

| <u>Primary Performance Area</u> | <u>Weight</u> | <u>Sub-factors</u>              | <u>Weight</u> |
|---------------------------------|---------------|---------------------------------|---------------|
| <b>Technical Management</b>     | <b>60</b>     | Increased Management Capacity   | 30            |
|                                 |               | Sustainable Models Developed    | 30            |
|                                 |               | Policy and Regulatory Framework | 20            |
|                                 |               | Public Commitment               | <u>20</u>     |
|                                 |               |                                 | 100           |
|                                 |               |                                 |               |
| <b>Business Management</b>      | <b>20</b>     | Key persons. Deploy.            | 25            |
|                                 |               | On-time reporting               | 25            |
|                                 |               | Effective MIS                   | 25            |
|                                 |               | Control of property             | <u>25</u>     |
|                                 |               |                                 | 100           |
| <b>Cost Considerations</b>      | <b>20</b>     | Financial Projections           | 25            |
|                                 |               | Accurate reports                | 25            |
|                                 |               | Allowable Costs                 | 25            |
|                                 |               | Financial Efficiency            | <u>25</u>     |
|                                 |               |                                 | 100           |

## 1) GRADING TABLE

| <u>Adjective Grade</u> | <u>Description</u>   | <u>Range of Performance Points</u> |
|------------------------|--|------------------------------------|
| Superior               | Superlative level of performance; achievement of distinguished | 96-100                             |

results and effectiveness. No deficiencies.

|                 |   |              |
|-----------------|---|--------------|
| Excellent       | Of exceptional merit; exemplary performance in a timely, efficient, and economical manner-very minor deficiencies-no effect on overall performance.                                     | 86-95        |
| Good            | Very effective performance; fully responsive to contract requirements; more than adequate results; reportable deficiencies, but with little identifiable effect on overall performance. | 76-85        |
| Fair            | Effective performance; responsive to contract requirements; adequate results. Reportable deficiencies with identifiable, but not substantial effects on overall performance.            | 66-75        |
| Poor            | Meets or slightly exceeds minimum acceptable standards; useful levels of performance, but suggest remedial action. Reportable deficiencies which adversely affect overall performance.  | 57-65        |
| Unsatisfactory* | Below minimum acceptable standards; poor performance; inadequate results; requires prompt remedial action. Significant deficiencies.  | 56 and below |

\*Any factor/sub-factor receiving a grade of unsatisfactory will be assigned zero performance points for purposes of calculating the award fee amount.

## 2) AWARD FEE CONVERSION CHART

The following quantifying device is for use in converting weighted performance points into percentages of available award fee:

| <u>Weighted<br/>Performance Points</u> | <u>% of Available Award Fee</u> |
|--|---------------------------------|
| 100                                    | 100.0%                          |
| 99                                     | 100.0                           |
| 98                                     | 100.0                           |
| 97                                     | 100.0                           |
| 96                                     | 100.0                           |
| 95                                     | 97.5                            |
| 94                                     | 95.0                            |
| 93                                     | 92.5                            |
| 92                                     | 90.0                            |
| 91                                     | 87.5                            |
| 90                                     | 85.0                            |
| 89                                     | 82.5                            |
| 88                                     | 80.0                            |
| 87                                     | 77.5                            |
| 86                                     | 75.0                            |
| 85                                     | 72.5                            |

|    |      |
|----|------|
| 84 | 70.0 |
| 83 | 67.5 |
| 82 | 65.0 |
| 81 | 62.5 |
| 80 | 60.0 |
| 79 | 57.5 |
| 78 | 55.0 |
| 77 | 52.5 |
| 76 | 50.0 |
| 75 | 47.5 |
| 74 | 45.0 |
| 73 | 42.5 |
| 72 | 40.0 |
| 71 | 37.5 |
| 70 | 35.0 |
| 69 | 32.5 |
| 68 | 30.0 |
| 67 | 27.5 |
| 66 | 25.0 |
| 65 | 22.5 |
| 64 | 20.0 |
| 63 | 17.5 |
| 62 | 15.0 |
| 61 | 12.5 |
| 60 | 10.0 |
| 59 | 7.5  |
| 58 | 5.0  |
| 57 | 2.5  |
| 56 | 0.0  |

## **b) AWARD FEE EVALUATION PROCEDURES**

### **PERFORMANCE REPORTS**

The Contractor will be responsible for submitting, as part of its regular semi-annual report, its self-assessment of progress toward achieving indicators and benchmarks as established in the Annual Plan, as agreed with USAID. The Contractor's monthly reports will also form part of the record for award fee review. Monitoring reports prepared by the CTO, as well as written comments prepared by the CTO on the semi-annual report and the self-assessment will also form part of the record for the award fee review. Using these materials, the Performance Evaluation Board (PEB) will prepare a report on its assessment of the Contractor's achievement of progress. This report will be a foundation document for use of by the Fee Determination Official in establishing the award fee. The Contractor will have access to this report and be given the opportunity to comment on it before the award fee determination decision is made.

### **PERFORMANCE EVALUATION BOARD**

The Performance Evaluation Board (PEB) will be constituted under the direction of the Contracts Officer, USAID/CAR. The PEB will consist of three members and will be chaired by the Director of the Enterprise and Finance Office (EF). The Supervisory Private Enterprise Officer, USAID/CAR, will be a member of the Board. The third member will be selected from USAID/CAR staff outside the Enterprise and Finance Office. The PEB will make its semi-annual report of findings and discuss them with the Fee Determination Official. That Official will be the Contracting Officer, USAID/CAR.

### **ESTABLISHMENT OF AWARD FEE**

For the three-year base period of the contract, the amount negotiated as the award fee will be divided into six equal portions. On a semi-annual basis, the Fee Determination Official (FDO) will take into account the self-assessment of the contractor, any other pertinent technical or management reports, and the semi-annual report of the Performance Evaluation Board. The weighting of performance factors, the grading chart and conversion table shown in Section E

of this RFP will be used to produce a percentage to be applied to the total amount of award fee available for the period. In this manner, the FDO will make his/her semi-annual award fee determination. In the event that a portion of the available fee is not awarded to the Contractor, the Fee Determination Official will decide whether any portion of that remaining fee should be rolled over into subsequent award fee periods. Key factors outside the Contractor's control, such as significant political upheaval or economic disruption, might form the basis of the FDO's determination to roll forward some portion of the remaining award fee.

**SECTION F - DELIVERIES OR PERFORMANCE****F.1 NOTICE LISTING CONTRACT CLAUSES INCORPORATED BY REFERENCE**

The following contract clauses pertinent to this section are hereby incorporated by reference (by Citation Number, Title, and Date) in accordance with the clause at FAR "52.252-2 CLAUSES INCORPORATED BY REFERENCE" in Section I of this contract. See FAR 52.252-2 for an internet address (if specified) for electronic access to the full text of a clause.

<http://www.arnet.gov/far>

| FEDERAL ACQUISITION REGULATION (48 CFR Chapter 1) |   |          |
|---|---|----------|
| NUMBER  | TITLE                                     | DATE     |
| 52.242-15   | STOP-WORK ORDER<br>ALTERNATE I (APR 1984) | AUG 1989 |

**F.2 PERIOD OF PERFORMANCE**

The period of performance for this contract is August 1, 2002 through July 31, 2005. The period of performance for option periods, if any, is:

OPTION PERIOD # 1 : August 1, 2005 through July 31, 2006;

OPTION PERIOD # 2 : August 1, 2006 through July 31, 2007

**F.3 PERFORMANCE STANDARDS**

Evaluation of the Contractor's overall performance in accordance with the performance standards set forth in Section C, Tangible Results and Deliverables, will be conducted jointly by the CTO and the Contracting Officer, and shall form the basis of the Contractor's permanent performance record with regard to this contract.

**F.4 REPORTS AND DELIVERABLES OR OUTPUTS**

In addition to the requirements set forth for submission of reports in Sections I and J and in the AIDAR clause 752.242-70, Periodic Progress Reports, the Contractor shall submit the following deliverables or outputs to the CTO specified in Section G.

**F.5 PROGRESS REPORTING REQUIREMENTS**

Technical assistance needs to be implemented with considerable flexibility and pragmatism to reflect the changing environment. However, significant shifts in approach and changes in work plans will require written approval by the CTO. The form of reporting and communication with client personnel shall be tailored to the needs of the work program and facilitate project monitoring on the part of the CTO.

The required reports (listed below) will focus on substance and will detail progress made against the tangible results and benchmarks specified in this contract.

The contractor is required to provide the following reports to CTO:

**Monthly Reports**

1. Such reports will be comprehensive, but precise in detail and report on only that information that is crucial to the success of the project. This will include issues of implementation and achievements plus any proposed changes or refinements to the work plan according to the following format and will highlight at a minimum the following:

- Completion of, or progress to date against, deliverables as stated in deliverables section of the contract;
  - Proposed changes or refinements to the scope of work or working plan;
  - Problems and issues encountered during the reporting period, if any;
  - Significant lapses in coordination, if any, that have adversely affected the contractor's work progress;
  - Open issues of importance from previous reports that remain unresolved and require decisions;
  - Changes/revisions of forecasts from previous reports and reasons/causes; and
  - Forecast of activities for the next six weeks.
2. The monthly reports are to be submitted both electronically and physically to USAID/CAR within five business days of the end of the month following the month covered by the report. These reports will focus on specific results and achievements of required tasks and will also detail any foreseen obstacles in program implementation within the dynamic economic environment.

### Quarterly Reports

1. Such reports shall summarize the progress that the project will have made at the end of each quarter. The reports shall provide a summary of the reforms implemented and their impact on the bureaucracy using the measurement system developed. Present capabilities and established goals shall be compared with those of other countries and international best practices.
2. The quarterly reports are to be submitted to USAID/CAR within ten working days of the end of the quarter covered by the report.
3. The reports on performance indicators are to be submitted to USAID/CAR as agreed to with the CTO in the work plan.
4. The contractor will conduct a customer service survey at least semiannually to ensure that the clients' needs are being met.

### Final Report

The final report is to be submitted to the CTO within 30 days following the end of the contract.

All reports must be sent electronically and physically to the Contracting Officer and the CTO. The CO or CTO may grant permission for electronic only submission.

## F.6 LEVEL OF EFFORT

N/A

## F.7 KEY PERSONNEL

The Enterprise Development Project will be managed regionally. USAID/CAR suggests that project headquarters be located in Bishkek, Kyrgyzstan, but is willing to consider Almaty. The bidder should propose a location for project headquarters and a supporting rationale. The decision should be based upon factors that the bidder considers critical. USAID/CAR would assume that all of the regional positions would be based in the same location, i.e., Bishkek or Almaty, unless the bidder provides a compelling justification for not doing so. The following is a suggested managerial staff structure:

### A. Regional Positions

The following are all senior-level regional positions. USAID/CAR requires that the Chief-of-Party have U.S. citizenship. Bidders are expected to propose expatriate advisors for the other positions as well, though bidders may propose and justify otherwise.

Chief-of-Party. This position involves regional responsibility. The bidder should propose the position location.

Accounting Reform Advisor. This position involves regional responsibility. The bidder should propose the position location.

Accounting Examination & Certification Advisor. This position involves regional responsibility. The bidder should propose the position location.

Business Advisory Services/Regional Trade Advisor. This position involves regional responsibility. The bidder should propose the position location.

Agri-business Advisor. This position involves regional responsibility, and will be based in Ferghana City, Uzbekistan.

Quality Management Advisor. This position will be specific only to Kazakhstan.

Business Training Advisor. This position involves regional responsibility. The bidder should propose the position location.

**B. Country-Level Positions**

For each of the five countries of the region, the contractor will have a Country Representative. Beyond that, the contractor should propose its ideal expatriate staffing pattern in order to achieve the expected results, by country, under the contract. The bidder should complement its proposed managerial structure of expatriate staff with a proposed structure of local staff.

The personnel specified above are considered to be essential to the work being performed hereunder. Prior to replacing any of the specified individuals, the Contractor shall immediately notify both the Contracting Officer and USAID Cognizant Technical Officer reasonably in advance and shall submit written justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the program. No replacement of personnel shall be made by the Contractor without the written consent of the Contracting Officer.

**F.8 SUBMISSION OF DEVELOPMENT EXPERIENCE DOCUMENTATION  
TO PPC/CDIE/DI**

USAID contractors must submit one electronic and/or one hard copy of development experience documentation (electronic copies are preferred) to the Development Experience Clearinghouse at the following address.

Development Experience Clearinghouse  
1611 N. Kent Street, Suite 200  
Arlington, VA 22209-2111

Telephone Number 703-351-4006, ext. 100  
Fax Number 703-351-4039  
E-mail: [docsubmit@dec.cdie.org](mailto:docsubmit@dec.cdie.org)  
<http://www.dec.org>



**SECTION G - CONTRACT ADMINISTRATION DATA**

752.7003

DOCUMENTATION FOR PAYMENT

NOV 1998

**G.1 ADMINISTRATIVE CONTRACTING OFFICE**

The Administrative Contracting Office is:

|                           |                               |
|---------------------------|-------------------------------|
| US-based mailing:         | Street address:               |
| USAID/CAR/AA              | DOS/USAID                     |
| Dept. of State            | Director's Office, AA section |
| 7030 Almaty Place         | 41 Kazibek Bi Street          |
| Washington, DC 20521-7030 | 480100, Almaty                |
|                           | Republic of Kazakhstan        |

**G.2 COGNIZANT TECHNICAL OFFICER (CTO)**

The Cognizant Technical Officer will be designated in an Administrative Letter from the CO. The Technical Office located is at:

Enterprise & Finance Office  
USAID/CAR Regional Mission  
41 Kazibek Bi Street  
Almaty, Kazakhstan, 480100  
Main telephone: 7-3272-50-76-12 or 17

**G.3 TECHNICAL DIRECTIONS/RELATIONSHIP WITH USAID**

(a) Technical Directions is defined to include:

(1) Written directions to the Contractor which fill in details, suggest possible lines of inquiry, or otherwise facilitate completion of work;

(2) Provision of written information to the Contractor which assists in the interpretation of drawings, specifications, or technical portions of the work statement;

(3) Review and, where required, provide written approval of technical reports, drawings, specifications, or technical information to be delivered. Technical directions must be in writing, and must be within the scope of the work as detailed in Section C.

(b) The CTO is authorized by designation to take any or all action with respect to the following which could lawfully be taken by the Contracting Officer, except any action specifically prohibited by the terms of this Contract:

(1) Assure that the Contractor performs the technical requirements of the contract in accordance with the contract terms, conditions, and specifications.

(2) Perform or cause to be performed, inspections necessary in connection with a) above and require the Contractor to correct all deficiencies; perform acceptance for the Government.

(3) Maintain all liaison and direct communications with the Contractor. Written communications with the Contractor and documents shall be signed as "Cognizant Technical Officer" with a copy furnished to the Contracting Officer.

(4) Issue written interpretations of technical requirements of Government drawings, designs, and specifications.

(5) Monitor the Contractor's production or performance progress and notify the Contractor in writing of deficiencies observed during surveillance, and direct appropriate action to effect correction. Record and report to the Contracting Officer incidents of faulty or nonconforming work, delays or problems.

(6) Obtain necessary security clearance and appropriate identification if access to Government facilities is required. If to be provided, ensure that Government furnished property is available when required.

**LIMITATIONS:** The CTO is not empowered to award, agree to, or sign any contract (including delivery or purchase orders) or modifications thereto, or in any way to obligate the payment of money by the Government. The CTO may not take any action which may impact on the contract schedule, funds, scope or rate of utilization of LOE. All contractual agreements, commitments, or modifications which involve prices, quantities, quality, schedules shall be made only by the Contracting Officer.

(c) The CTO is required to meet quarterly/semi-annually/annually with the Contractor and the Contracting Officer concerning performance of items delivered under this contract and any other administration or technical issues. Telephonic reports may be made if no problems are being experienced. Problem areas should be brought to the immediate attention of the Contracting Officer.

(d) In the absence of the designated CTO, the CTO may designate someone to serve as CTO in their place. However, such action to direct an individual to act in the CTO's stead shall immediately be communicated to the Contractor and the Contracting Officer.

(e) Contractual Problems - Contractual problems, of any nature, that may arise during the life of the contract must be handled in conformance with specific public laws and regulations (i.e. Federal Acquisition Regulation and Agency for International Development Acquisition Regulation). The Contractor and the CTO shall bring all contracting problems to the immediate attention of the Contracting Officer. Only the Contracting Officer is authorized to formally resolve such problems. The Contracting Officer will be responsible for resolving legal issues, determining contract scope and interpreting contract terms and conditions. The Contracting Officer is the sole authority authorized to approve changes in any of the requirements under this contract. Notwithstanding any clause contained elsewhere in this contract, the said authority remains solely with the Contracting Officer. These changes include, but will not be limited to the following areas: scope of work, price, quantity, technical specifications, delivery schedules, and contract terms and conditions. In the event the Contractor effects any changes at the direction of any other person other than the Contracting Officer, the change will be considered to have been made without authority.

(f) Failure by the Contractor to report to the Administrative Contracting Office, any action by the Government considered to a change, within the specified number of days contained in FAR 52.243-7 (Notification of Changes), waives the Contractor's right to any claims for equitable adjustments.

#### **G.4 PAYING OFFICE**

The paying office for this contract is:

US-based mailing:  
USAID/CAR/OFM  
Dept. of State  
7030 Almaty Place  
Washington, DC 20521-7030

Street/delivery address:  
DOS/USAID  
Attn: Controller  
41 Kazibek Bi Street  
Almaty, Kazakhstan, 480100

#### **G.5 ACCOUNTING AND APPROPRIATION DATA**

[TBD]

**SECTION H - SPECIAL CONTRACT REQUIREMENTS****H.1 AIDAR 752.225-70 SOURCE, ORIGIN AND NATIONALITY REQUIREMENTS (FEB 1997)**

(a) Except as may be specifically approved by the Contracting Officer, all commodities (e.g., equipment, materials, vehicles, supplies) and services (including commodity transportation services) which will be financed under this contract with U.S. dollars shall be procured in accordance with the requirements in 22 CFR part 228, "Rules on Source, Origin and Nationality for Commodities and Services Financed by USAID." The authorized source for procurement is Geographic Code 000 unless otherwise specified in the schedule of this contract. Guidance on eligibility of specific goods or services may be obtained from the Contracting Officer.

(b) Ineligible goods and services. The Contractor shall not procure any of the following goods or services under this contract:

- (1) Military equipment,
- (2) Surveillance equipment,
- (3) Commodities and services for support of police and other law enforcement activities,
- (4) Abortion equipment and services,
- (5) Luxury goods and gambling equipment, or
- (6) Weather modification equipment.

(c) Restricted goods. The Contractor shall not procure any of the following goods or services without the prior written approval of the Contracting Officer:

- (1) Agricultural commodities,
- (2) Motor vehicles,
- (3) Pharmaceuticals and contraceptive items,
- (4) Pesticides,
- (5) Fertilizer,
- (6) Used equipment, or
- (7) U.S. government-owned excess property.

If USAID determines that the Contractor has procured any of these specific restricted goods under this contract without the prior written authorization of the Contracting Officer, and has received payment for such purposes, the Contracting Officer may require the Contractor to refund the entire amount of the purchase.

**H.2 AIDAR 752.7032 INTERNATIONAL TRAVEL APPROVAL AND NOTIFICATION REQUIREMENTS AND AIDAR 752.7027 PERSONNEL**

In accordance with the above clauses, the Contracting Officer hereby provides prior written approval for international travel, provided that concurrence with the assignment of individuals outside the United States is obtained by the Contractor, in writing, from the CTO prior to their assignment abroad, which must be within the terms of this contract, is subject to availability of funds, and should not be construed as authorization either to increase the estimated cost or to exceed the obligated amount (see Section B). The Contractor shall retain for audit purposes a copy of each travel concurrence.

**H.3 INSURANCE AND SERVICES**

(a) Pursuant to AIDAR 752.228-3 Worker's Compensation Insurance (Defense Base Act); USAID's DBA insurance carrier is:

Rutherford International, Inc.  
5500 Cherokee Avenue, Suite 300  
Alexandria, VA 22312

Points of Contact:  
Sara Payne or Diane Ford  
(703) 354-1616

Hours of Operation are: 8 a.m. to 5 p.m. (EST)  
Telefax: 703) 354-0370  
E-Mail: [www.rutherford.com](http://www.rutherford.com)

(b) Pursuant to AIDAR 752.228-70 Medical Evacuation (MEDEVAC) Services, USAID's Medevac service provider is:

Medex Assistance Corporation  
P.O. Box 5375  
Timonium, MD 21094-5375  
Telephone: (410) 453-6300 in Maryland;  
or (800) 537-2029 (toll-free)  
Telefax: (410) 453-6301

Applicants should request coverage in accordance with USAID Contract No. HNE-Q-00-98-00106-00.

Medevac services costs are allowable as a direct cost.

**H.4 AUTHORIZED GEOGRAPHIC CODE**

The authorized geographic code for procurement of goods and services under this contract is 000 and 935.

**H.5 NONEXPENDABLE PROPERTY PURCHASES AND INFORMATION  
TECHNOLOGY RESOURCES**

The Contractor is hereby authorized to purchase equipment and/or resources as specified in the approved budget.

**H.6 LOGISTIC SUPPORT**

The Contractor shall be responsible for furnishing all logistic support in the United States and overseas.

**H.7 LANGUAGE REQUIREMENTS**

Contractor personnel and/or consultant shall have language skills in English, Russian, and where necessary the local national languages proficiency to perform technical services.

**H.8 PERSONNEL COMPENSATION**

(a) Limitations:

(1) Salaries and wages may not exceed the Contractor's established policy and practice, including the Contractor's established pay scale for equivalent classifications of employees, which shall be certified to by the Contractor. Nor may any individual salary or wage, without approval of the Cognizant Contracting Officer, exceed the employee's current salary or wage, or the highest rate of annual salary or wage received during any full year of the immediately preceding three (3) years.

(2) In addition, there is a ceiling on the reimbursable base salary or wage paid to personnel under the Contract equivalent to the maximum annual salary rate of the USAID "ES-6" (or the equivalent daily rate of the maximum ES-6 salary, if compensation is not calculated on an annual basis), as amended from time to time, unless an advance written waiver is granted by the USAID Procurement Executive prior to contract award.

(b) Salaries During Travel

Salaries and wages paid while in travel status will not be reimbursed for a travel period greater than the time required for travel by the most direct and expeditious air route.

(c) Return of Overseas Employees

Salaries and wages paid to an employee serving overseas who is discharged by the Contractor for misconduct, inexcusable non-performance, or security reasons will in no event be reimbursed for a period which extends beyond the time required to return him promptly to his point of origin by the most direct and expeditious air route.

(d) Annual Salary Increases

One annual salary increase (includes promotional increase) of not more than the annual cost-of-living adjustment (COLA) received by Federal General Schedule (GS) employees may be granted after the employee's completion of each twelve month period of satisfactory services under the contract. Annual salary increases of any kind exceeding these limitations or exceeding the maximum salary of ES-6 may be granted only with the advance written approval of the Contracting Officer.

(e) Consultants

No compensation for consultants will be reimbursed unless their use under the contract has advance written approval of the Contracting Officer; and if such provision has been made or approval given, compensation shall not exceed 1) the highest rate of annual compensation received by the consultant during any full year of the immediately preceding three years or 2) the maximum daily salary rate of ES-6, whichever is less.

(f) Initial Salaries

The initial starting salaries of all employees whose salaries are charged as a direct cost to this contract must be approved, in advance and in writing, by the Contracting Officer. (any initial starting salaries included in the contractor's best and final and accepted during negotiations, are deemed approved upon contract execution).

NOTE: The daily rate of a Foreign Service officer Class 1 (ES-6) is determined by dividing the annual salary by 2087 hours and multiplying the quotient by 8.

NOTE: Any Approvals issued pursuant to the above sections shall be retained by the Contractor for audit purposes. Approvals issued pursuant to the above must be within the terms of this contract, and shall not serve to increase the total estimated cost or the obligated amount of this contract, whichever is less (see Part I, Section B.3 of this contract).

(g) Work Week

(1) Nonoverseas Employees. The length of the contractor's U.S., non-overseas employees workday shall be in accordance with the contractor's established policies and practices and shall not be less than 8 hours per day and 40 hours per week.

(2) Overseas Employee

The work week for the Contractor's overseas employees shall not be less than 40 hours and shall be scheduled to coincide with the work week for those employees of the USAID Mission and the Cooperation Country associated with the work of this contract.

(h) Definitions

As used herein, the terms "Salaries," "Wages," and "Compensation" mean the periodic remuneration received for professional or technical services rendered, exclusive of any of the differentials or allowances defined in the clause of this contract entitled "Differentials and Allowances" (AIDAR 752.7028), unless otherwise stated. The term "compensation" includes payments for personal services (including fees and honoraria). It excludes earnings from sources other than the individual's professional or technical work, overhead, or other charges (see also the clause of this contract entitled "Personnel Compensation" (AIDAR 752.7007).

## **H.9 SUBCONTRACTING PLAN AND THE SF 294 - SUBCONTRACTING REPORT FOR INDIVIDUAL CONTRACTS AND SF 295 - SUMMARY CONTRACTING REPORT**

The Contractor's subcontracting plan dated \_\_\_\_\_ is hereby incorporated as a material part of this contract.

In accordance with FAR 52.219-9, SF 294 and SF 295 should be forwarded to the following address:

U.S. Agency for International Development  
Office of Small and Disadvantaged Business  
Utilization  
Room 7.08 RRB  
Washington, D.C. 20523

**PART II - CONTRACT CLAUSES****SECTION I - CONTRACT CLAUSES****I.1 NOTICE LISTING CONTRACT CLAUSES INCORPORATED BY REFERENCE**

The following contract clauses pertinent to this section are hereby incorporated by reference (by Citation Number, Title, and Date) in accordance with the clause at FAR "52.252-2 CLAUSES INCORPORATED BY REFERENCE" in Section I of this contract. See FAR 52.252-2 for an internet address (if specified) for electronic access to the full text of a clause.

| NUMBER    | TITLE  | DATE                 |
|-----------|--|----------------------|
|           | FEDERAL ACQUISITION REGULATION (48 CFR Chapter 1)  |                      |
| 52.202-1  | DEFINITIONS  | MAY 2001             |
| 52.203-3  | GRATUITIES   | APR 1984             |
| 52.203-5  | COVENANT AGAINST CONTINGENT FEES   | APR 1984             |
| 52.203-6  | RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT  | JUL 1995             |
| 52.203-7  | ANTI-KICKBACK PROCEDURES   | JUL 1995             |
| 52.203-8  | CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY   | JAN 1997             |
| 52.203-10 | PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY   | JAN 1997             |
| 52.203-12 | LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS   | JUN 1997             |
| 52.204-4  | PRINTED OR COPIED DOUBLE-SIDED ON RECYCLED PAPER   | AUG 2000             |
| 52.209-6  | PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT | JUL 1995             |
| 52.215-2  | AUDIT AND RECORDS--NEGOTIATION   | JUN 1999             |
| 52.215-8  | ORDER OF PRECEDENCE--UNIFORM CONTRACT FORMAT   | OCT 1997             |
| 52.215-10 | PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA   | OCT 1997             |
| 52.215-12 | SUBCONTRACTOR COST OR PRICING DATA   | OCT 1997             |
| 52.215-15 | PENSION ADJUSTMENTS AND ASSET REVERSIONS (DEC 1998)  | DEC 1998             |
| 52.215-18 | REVERSION OR ADJUSTMENT OF PLANS FOR POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (PRB)                                   | OCT 1997             |
| 52.215-19 | NOTIFICATION OF OWNERSHIP CHANGES  | OCT 1997             |
| 52.216-7  | ALLOWABLE COST AND PAYMENT   | MAR 2000             |
| 52.216-8  | FIXED-FEE  | MAR 1997 (CPFF only) |
| 52.219-4  | NOTICE OF PRICE EVALUATION PREFERENCE FOR HUBZONE SMALL BUSINESS CONCERNS (JAN 1999)                                     | JAN 1999             |
| 52.219-25 | SMALL DISADVANTAGED BUSINESS PARTICIPATION PROGRAM--DISADVANTAGED STATUS AND REPORTING                                   | OCT 1999             |

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| 52.222-1  | NOTICE TO THE GOVERNMENT OF LABOR<br>DISPUTES  | FEB 1997 |
| 52.222-3  | CONVICT LABOR  | AUG 1996 |
| 52.222-19 | CHILD LABOR - COOPERATION WITH<br>AUTHORITIES AND REMEDIES   | FEB 2001 |
| 52.222-21 | PROHIBITION OF SEGREGATED FACILITIES   | FEB 1999 |
| 52.224-1  | PRIVACY ACT NOTIFICATION   | APR 1984 |
| 52.224-2  | PRIVACY ACT  | APR 1984 |
| 52.225-13 | RESTRICTIONS ON CERTAIN FOREIGN<br>PURCHASES   | JUL 2000 |
| 52.227-11 | PATENT RIGHTS -- RETENTION BY THE<br>CONTRACTOR (SHORT FORM)   | JUN 1997 |
| 52.227-14 | RIGHTS IN DATA--GENERAL  | JUN 1987 |
| 52.228-7  | INSURANCE--LIABILITY TO THIRD PERSONS  | MAR 1996 |
| 52.232-9  | LIMITATION ON WITHHOLDING OF PAYMENTS  | APR 1984 |
| 52.232-17 | INTEREST   | JUN 1996 |
| 52.232-22 | LIMITATION OF FUNDS  | APR 1984 |
| 52.232-23 | ASSIGNMENT OF CLAIMS   | JAN 1986 |
| 52.232-32 | PERFORMANCE-BASED PAYMENTS   | MAY 1997 |
| 52.233-1  | DISPUTES   | DEC 1998 |
| 52.233-3  | PROTEST AFTER AWARD<br>ALTERNATE I (JUN 1985)  | AUG 1996 |
| 52.242-1  | NOTICE OF INTENT TO DISALLOW COSTS   | APR 1984 |
| 52.242-3  | PENALTIES FOR UNALLOWABLE COSTS  | MAR 2001 |
| 52.242-4  | CERTIFICATION OF FINAL INDIRECT COSTS  | JAN 1997 |
| 52.242-13 | BANKRUPTCY   | JUL 1995 |
| 52.243-2  | CHANGES--COST REIMBURSEMENT<br>ALTERNATE V (APR 1984)  | AUG 1987 |
| 52.244-2  | SUBCONTRACTS<br>ALTERNATE II (AUG 1998)  | AUG 1998 |
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| 52.246-23 | LIMITATION OF LIABILITY  | FEB 1997 |
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| 52.247-67 | SUBMISSION OF COMMERCIAL TRANSPORTATION<br>BILLS TO THE GENERAL SERVICES<br>ADMINISTRATION FOR AUDIT | JUN 1997 |
| 52.249-6  | TERMINATION (COST-REIMBURSEMENT)   | SEP 1996 |
| 52.249-14 | EXCUSABLE DELAYS   | APR 1984 |
| 52.253-1  | COMPUTER GENERATED FORMS   | JAN 1991 |

## AID ACQUISITION REGULATION (48 CFR CHAPTER 7) CLAUSES

|            |   |                      |
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| 752.202-1  | DEFINITIONS                                     |                      |
| 752.211-70 | LANGUAGE AND MEASUREMENT                        | JUN 1992             |
| 752.216-70 | AWARD FEE                                       | MAY 1997 (CPAF only) |
| 752.225-71 | LOCAL PROCUREMENT                               | FEB 1997             |
| 752.226-2  | SUBCONTRACTING WITH DISADVANTAGED<br>ENTERPRISE | JUL 1997             |
| 752.226-3  | LIMITATIONS ON SUBCONTRACTING                   | JUN 1993             |
| 752.228-7  | INSURANCE-LIABILITY TO THIRD PERSONS            |                      |
| 752.228-70 | MEDICAL EVACUATION (MEDVAC) SERVICES            | MAR 1993             |
| 752.7001   | BIOGRAPHICAL DATA                               | JUL 1997             |
| 752.7002   | TRAVEL AND TRANSPORTATION                       | JAN 1990             |
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| 752.7007 | PERSONNEL COMPENSATION   | JUL 1996 |
| 752.7008 | USE OF GOVERNMENT FACILITIES OR<br>PERSONNEL                   | APR 1984 |
| 752.7010 | CONVERSION OF U.S. DOLLARS TO LOCAL<br>CURRENCY                | APR 1984 |
| 752.7011 | ORIENTATION AND LANGUAGE TRAINING                              | APR 1984 |
| 752.7013 | CONTRACTOR-MISSION RELATIONSHIPS                               | OCT 1989 |
| 752.7014 | NOTICE OF CHANGES IN TRAVEL REGULATIONS                        | JAN 1990 |
| 752.7015 | USE OF POUCH FACILITIES  | JUL 1997 |
| 752.7018 | HEALTH AND ACCIDENT COVERAGE FOR<br>USAID PARTICIPANT TRAINEES | JAN 1999 |
| 752.7019 | PARTICIPANT TRAINING   | JAN 1999 |
| 752.7023 | REQUIRED VISA FORM FOR USAID<br>PARTICIPANTS                   | APR 1984 |
| 752.7025 | APPROVALS  | APR 1984 |
| 752.7028 | DIFFERENTIALS AND ALLOWANCES                                   | JUL 1996 |
| 752.7029 | POST PRIVILEGES  | JUL 1993 |
| 752.7033 | PHYSICAL FITNESS   | JUL 1997 |
| 752.7034 | ACKNOWLEDGEMENT AND DISCLAIMER                                 | DEC 1991 |
| 752.7035 | PUBLIC NOTICES   | DEC 1991 |

## **I.2 52.217-7 OPTION FOR INCREASED QUANTITY--SEPARATELY PRICED LINE ITEM (MAR 1989)**

The Government may require the delivery of the numbered line item, identified in the Schedule as an option item, in the quantity and at the price stated in the Schedule. The Contracting Officer may exercise the option by written notice to the Contractor within 60 days. Delivery of added items shall continue at the same rate that like items are called for under the contract, unless the parties otherwise agree.

## **I.3 52.217-9 OPTION TO EXTEND THE TERM OF THE CONTRACT (MAR 2000)**

(a) The Government may extend the term of this contract by written notice to the Contractor within 60 days; provided that the Government gives the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the Government to an extension.

(b) If the Government exercises this option, the extended contract shall be considered to include this option clause.

(c) The total duration of this contract, including the exercise of any options under this clause, shall not exceed 5 years.

## **I.4 52.219-23 NOTICE OF PRICE EVALUATION ADJUSTMENT FOR SMALL DISADVANTAGED BUSINESS CONCERNS (MAY 2001)**

(a) Definitions. As used in this clause-

"Small disadvantaged business concern" means an offeror that represents, as part of its offer, that it is a small business under the size standard applicable to this acquisition; and either-

(1) It has received certification by the Small Business Administration as a small disadvantaged business concern consistent with 13 CFR part 124, subpart B; and (i) No material change in disadvantaged ownership and control has occurred since its certification; (ii) Where the concern is owned by one or more disadvantaged individuals, the net worth of each individual upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); and (iii) It is identified, on the date of its representation, as a certified small disadvantaged business concern in the database maintained by the Small Business Administration (PRO-Net). (2) It has submitted a completed application to the Small Business Administration or a Private Certifier to be certified as a small disadvantaged business concern in accordance with 13 CFR part 124, subpart B, and a decision on that application is pending, and that no material change in disadvantaged ownership and control has occurred since its

application was submitted. In this case, in order to receive the benefit of a price evaluation adjustment, an offeror must receive certification as a small disadvantaged business concern by the Small Business Administration prior to contract award; or (3) Is a joint venture as defined in 13 CFR 124.1002(f).

"Historically black college or university" means an institution determined by the Secretary of Education to meet the requirements of 34 CFR 608.2. For the Department of Defense (DoD), the National Aeronautics and Space Administration (NASA), and the Coast Guard, the term also includes any nonprofit research institution that was an integral part of such a college or university before November 14, 1986.

"Minority institution" means an institution of higher education meeting the requirements of Section 1046(3) of the Higher Education Act of 1965 (20 U.S.C. 1067k, including a Hispanic-serving institution of higher education, as defined in Section 316(b)(1) of the Act (20 U.S.C. 1101a)).

"United States" means the United States, its territories and possessions, the Commonwealth of Puerto Rico, the U.S. Trust Territory of the Pacific Islands, and the District of Columbia.

(b) Evaluation adjustment. (1) The Contracting Officer will evaluate offers by adding a factor of \_\_\_\_ [Contracting Officer insert the percentage] percent to the price of all offers, except- (i) Offers from small disadvantaged business concerns that have not waived the adjustment; (ii) An otherwise successful offer of eligible products under the Trade Agreements Act when the dollar threshold for application of the Act is equaled or exceeded (see section 25.402 of the Federal Acquisition Regulation (FAR)); (iii) An otherwise successful offer where application of the factor would be inconsistent with a Memorandum of Understanding or other international agreement with a foreign government; (iv) For DoD, NASA, and Coast Guard acquisitions, an otherwise successful offer from a historically black college or university or minority institution; and (v) For DoD acquisitions, an otherwise successful offer of qualifying country end products (see sections 225.000-70 and 252.225-7001 of the Defense FAR Supplement). (2) The Contracting Officer will apply the factor to a line item or a group of line items on which award may be made. The Contracting Officer will apply other evaluation factors described in the solicitation before application of the factor. The factor may not be applied if using the adjustment would cause the contract award to be made at a price that exceeds the fair market price by more than the factor in paragraph (b)(1) of this clause. (c) Waiver of evaluation adjustment. A small disadvantaged business concern may elect to waive the adjustment, in which case the factor will be added to its offer for evaluation purposes. The agreements in paragraph (d) of this clause do not apply to offers that waive the adjustment.

\_\_\_\_ Offeror elects to waive the adjustment.

(d) Agreements. (1) A small disadvantaged business concern, that did not waive the adjustment, agrees that in performance of the contract, in the case of a contract for- (i) Services, except construction, at least 50 percent of the cost of personnel for contract performance will be spent for employees of the concern; (ii) Supplies (other than procurement from a nonmanufacturer of such supplies), at least 50 percent of the cost of manufacturing, excluding the cost of materials, will be performed by the concern; (iii) General construction, at least 15 percent of the cost of the contract, excluding the cost of materials, will be performed by employees of the concern; or (iv) Construction by special trade contractors, at least 25 percent of the cost of the contract, excluding the cost of materials, will be performed by employees of the concern. (2) A small disadvantaged business concern submitting an offer in its own name agrees to furnish in performing this contract only end items manufactured or produced by small disadvantaged business concerns in the United States. This paragraph does not apply in connection with construction or service contracts. (End of clause)

## **I.5 52.219-26 SMALL DISADVANTAGED BUSINESS PARTICIPATION PROGRAM--INCENTIVE SUBCONTRACTING (OCT 2000)**

(a) Of the total dollars it plans to spend under subcontracts, the Contractor has committed itself in its offer to try to award a certain amount to small disadvantaged business concerns in the North American Industry Classification System (NAICS) Industry Subsectors as determined by the Department of Commerce.

(b) If the Contractor exceeds its total monetary target for subcontracting to small disadvantaged business concerns in the authorized SIC Major Groups, it will receive (?) percent of the dollars in excess of the monetary target, unless the Contracting Officer determines that the excess was not due to the Contractor's efforts (e.g., a subcontractor cost overrun caused the actual subcontract amount to exceed that estimated in the offer, or the excess was caused by the award of subcontracts that had been planned but had not been disclosed in the offer during contract negotiations). Determinations made under this paragraph are not subject to the Disputes clause of this contract.

(c) If this is a cost-plus-fixed-fee contract, the sum of the fixed fee and the incentive fee earned under this contract may not exceed the limitations in subsection 15.404-4 of the Federal Acquisition Regulation.

## **I.6 52.227-23 RIGHTS TO PROPOSAL DATA (TECHNICAL) (JUN 1987)**

Except for data contained on pages , it is agreed that as a condition of award of this contract, and notwithstanding the conditions of any notice appearing thereon, the Government shall have unlimited rights (as defined in the "Rights in Data--General" clause contained in this contract) in and to the technical data contained in the proposal dated upon which this contract is based.

## **I.7 52.232-25 PROMPT PAYMENT (MAR 2001)**

Notwithstanding any other payment clause in this contract, the Government will make invoice payments and contract financing payments under the terms and conditions specified in this clause. Payment shall be considered as being made on the day a check is dated or the date of an electronic funds transfer. Definitions of pertinent terms are set forth in sections 2.101 and 32.902 of the Federal Acquisition Regulation. All days referred to in this clause are calendar days, unless otherwise specified. (However, see subparagraph (a)(4) of this clause concerning payments due on Saturdays, Sundays, and legal holidays.)

(a) Invoice payments (1) Due Date. (i) Except as indicated in subparagraph (a)(2) and paragraph (c) of this clause, the due date for making invoice payments by the designated payment office shall be the later of the following two events:

(A) The 30th day after the designated billing office has received a proper invoice from the Contractor (except as provided in subdivision (a)(1)(ii) of this clause).

(B) The 30th day after Government acceptance of supplies delivered or services performed by the Contractor. On a final invoice where the payment amount is subject to contract settlement actions, acceptance shall be deemed to have occurred on the effective date of the contract settlement.

(ii) If the designated billing office fails to annotate the invoice with the actual date of receipt at the time of receipt, the invoice payment due date shall be the 30th day after the date of the Contractor's invoice; provided a proper invoice is received and there is no disagreement over quantity, quality, or Contractor compliance with contract requirements.

(2) Certain food products and other payments. (i) Due dates on Contractor invoices for meat, meat food products, or fish; perishable agricultural commodities; and dairy products, edible fats or oils, and food products prepared from edible fats or oils are--

(A) For meat or meat food products, as defined in section 2(a)(3) of the Packers and Stockyard Act of 1921 (7 U.S.C. 182(3)), and as further defined in Pub. L. 98-181, including any edible fresh or frozen poultry meat, any perishable poultry meat food product, fresh eggs, and any perishable egg product, as close as possible to, but not later than, the 7th day after product delivery.

(B) For fresh or frozen fish, as defined in section 204(3) of the Fish and Seafood Promotion Act of 1986 (16 U.S.C. 4003(3)), as close as possible to, but not later than, the 7th day after product delivery.

(C) For perishable agricultural commodities, as defined in section 1(4) of the Perishable Agricultural Commodities Act of 1930 (7 U.S.C. 499a(4)), as close as possible to, but not later than, the 10th day after product delivery, unless another date is specified in the contract.

(D) For dairy products, as defined in section 111(e) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4502(e)), edible fats or oils, and food products prepared from edible fats or oils, as close as possible to, but not later than, the 10th day after the date on which a proper invoice has been received. Liquid milk, cheese, certain processed cheese products, butter, yogurt, ice cream, mayonnaise, salad dressings, and other similar products, fall within this classification. Nothing in the Act limits this classification to refrigerated products. When questions arise regarding the proper classification of a specific product, prevailing industry practices will be followed in specifying a contract payment due date. The burden of proof that a classification of a specific product is, in fact, prevailing industry practice is upon the Contractor making the representation.

(ii) If the contract does not require submission of an invoice for payment (e.g., periodic lease payments), the due date will be as specified in the contract.

(3) Contractor's invoice. The Contractor shall prepare and submit invoices to the designated billing office specified in the contract. A proper invoice must include the items listed in paragraph (a)(3)(i) through (a)(3)(viii) of this clause. If the invoice does not comply with these requirements, it shall be returned within 7 days after the date the designated billing office received the invoice (3 days for meat, meat food products, or fish; 5 days for perishable agricultural commodities, edible fats or oils, and food products prepared from edible fats or oils), with a statement of the reasons why it is not a proper invoice. Untimely notification will be taken into account in computing any interest penalty owed the Contractor in the manner described in subparagraph (a)(5) of this clause.

(i) Name and address of the Contractor.

(ii) Invoice date. (The Contractor is encouraged to date invoices as close as possible to the date of the mailing or transmission.)

(iii) Contract number or other authorization for supplies delivered or services performed (including order number and contract line item number).

(iv) Description, quantity, unit of measure, unit price, and extended price of supplies delivered or services performed.

(v) Shipping and payment terms (e.g., shipment number and date of shipment, prompt payment discount terms). Bill of lading number and weight of shipment will be shown for shipments on Government bills of lading.

(vi) Name and address of Contractor official to whom payment is to be sent (must be the same as that in the contract or in a proper notice of assignment).

(vii) Name (where practicable), title, phone number, and mailing address of person to be notified in the event of a defective invoice.

(viii) Any other information or documentation required by the contract (such as evidence of shipment).

(ix) While not required, the Contractor is strongly encouraged to assign an identification number to each invoice.

(4) Interest penalty. An interest penalty shall be paid automatically by the designated payment office, without request from the Contractor, if payment is not made by the due date and the conditions listed in paragraphs (a)(4)(i) through (a)(4)(iii) of this clause are met, if applicable. However, when the due date falls on a Saturday, Sunday, or legal holiday when Federal Government offices are closed and Government business is not expected to be conducted, payment may be made on the following business day without incurring a late payment interest penalty.

(i) A proper invoice was received by the designated billing office.

(ii) A receiving report or other Government documentation authorizing payment was processed, and there was no disagreement over quantity, quality, or Contractor compliance with any contract term or condition.

(iii) In the case of a final invoice for any balance of funds due the Contractor for supplies delivered or services performed, the amount was not subject to further contract settlement actions between the Government and the Contractor.

(5) Computing penalty amount. The interest penalty shall be at the rate established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the day after the due date, except where the interest penalty is prescribed by other governmental authority (e.g., tariffs). This rate is referred to as the "Renegotiation Board Interest Rate," and it is published in the Federal Register semiannually on or about January 1 and July 1. The interest penalty shall accrue daily on the invoice principal payment amount approved by the Government until the payment date of such approved principal amount; and will be compounded in 30-day increments inclusive from the first day after the due date through the payment date. That is, interest accrued at the end of any 30-day period will be added to the approved invoice principal payment amount and will be subject to interest penalties if not paid in the succeeding 30-day period. If the designated billing office failed to notify the Contractor of a defective invoice within the periods prescribed in subparagraph (a)(3) of this clause, the due date on the corrected invoice will be adjusted by subtracting from such date the number of days taken beyond the prescribed notification of defects period. Any interest penalty owed the Contractor will be based on this adjusted due date. Adjustments will be made by the designated payment office for errors in calculating interest penalties.

(i) For the sole purpose of computing an interest penalty that might be due the Contractor, Government acceptance shall be deemed to have occurred constructively on the 7th (unless otherwise specified in this contract) after the Contractor delivered the supplies or performed the services in accordance with the terms and conditions of the contract, unless there is a disagreement over quantity, quality, or Contractor compliance with a contract provision. In the event that actual acceptance occurs within the constructive acceptance period, the determination of an interest penalty shall be based on the actual date of acceptance. The constructive acceptance requirement does not, however, compel Government officials to accept supplies or services, perform contract administration functions, or make payment prior to fulfilling their responsibilities.

(ii) The following periods of time will not be included in the determination of an interest penalty:

(A) The period taken to notify the Contractor of defects in invoices submitted to the Government, but this may not exceed 7 days (3 days for meat, meat food products, or fish; 5 days for perishable agricultural commodities, dairy products, edible fats or oils, and food products prepared from edible fats or oils).

(B) The period between the defects notice and resubmission of the corrected invoice by the Contractor.

(C) For incorrect electronic funds transfer (EFT) information, in accordance with the EFT clause of this contract.

(iii) Interest penalties will not continue to accrue after the filing of a claim for such penalties under the clause at 52.233-1, Disputes, or for more than 1 year. Interest penalties of less than \$1 need not be paid.

(iv) Interest penalties are not required on payment delays due to disagreement between the Government and the Contractor over the payment amount or other issues involving contract compliance or on amounts temporarily withheld or retained in accordance with the terms of the contract. Claims involving disputes, and any interest that may be payable, will be resolved in accordance with the clause at 52.233-1, Disputes.

(6) Prompt payment discounts. An interest penalty also shall be paid automatically by the designated payment office, without request from the Contractor, if a discount for prompt payment is taken improperly. The interest penalty will be calculated as described in subparagraph (a)(5) of this clause on the amount of discount taken for the period beginning with the first day after the end of the discount period through the date when the Contractor is paid.

(7) Additional interest penalty. (i) a penalty amount, calculated in accordance with paragraph (a)(7)(iii) of this clause, shall be paid in addition to the interest penalty amount if the Contractor--

(A) Is owed an interest penalty of \$1 or more;

(B) Is not paid the interest penalty within 10 days after the date the invoice amount is paid; and

(C) Makes a written demand to the designated payment office for additional penalty payment, in accordance with paragraph (a)(7)(ii) of this clause, postmarked not later than 40 days after the invoice amount is paid.

(ii)(A) Contractors shall support written demands for additional penalty payments with the following data. No additional data shall be required. Contractors shall--

(1) Specifically assert that late payment interest is due under a specific invoice, and request payment of all overdue late payment interest penalty and such additional penalty as may be required;

(2) Attach a copy of the invoice on which the unpaid late payment interest was due; and

(3) State that payment of the principal has been received, including the date of receipt.

(B) Demands must be postmarked on or before the 40th day after payment was made, except that--

(1) If the postmark is illegible or nonexistent, the demand must have been received and annotated with the date of receipt by the designated payment office on or before the 40th day after payment was made; or

(2) If the postmark is illegible or nonexistent and the designated payment office fails to make the required annotation, the demand's validity will be determined by the date the Contractor has placed on the demand; provided such date is no later than the 40th day after payment was made.

(iii)(A) The additional penalty shall be equal to 100 percent of any original late payment interest penalty, except--

(1) The additional penalty shall not exceed \$5,000;

(2) The additional penalty shall never be less than \$25; and

(3) No additional penalty is owed if the amount of the underlying interest penalty is less than \$1.

(B) If the interest penalty ceases to accrue in accordance with the limits stated in paragraph (a)(5)(iii) of this clause, the amount of the additional penalty shall be calculated on the amount of interest penalty that would have accrued in the absence of these limits, subject to the overall limits on the additional penalty specified in paragraph (a)(7)(iii)(A) of this clause.

(C) For determining the maximum and minimum additional penalties, the test shall be the interest penalty due on each separate payment made for each separate contract. The maximum and minimum additional penalty shall not be based upon individual invoices unless the invoices are paid separately. Where payments are consolidated for disbursing purposes, the maximum and minimum additional penalty determination shall be made separately for each contract therein.

(D) The additional penalty does not apply to payments regulated by other Government regulations (e.g., payments under utility contracts subject to tariffs and regulation).

(b) Contract financing payments--(1) Due dates for recurring financing payments. If this contract provides for contract financing, requests for payment shall be submitted to the designated billing office as specified in this contract or as directed by the Contracting Officer. Contract financing payments shall be made on the 30 days day after receipt of a proper contract financing request by the designated billing office. In the event that an audit or other review of a specific financing request is required to ensure compliance with the terms and conditions of the contract, the designated payment office is not compelled to make payment by the due date specified.

(2) Due dates for other contract financing. For advance payments, loans, or other arrangements that do not involve recurring submissions of contract financing requests, payment shall be made in accordance with the corresponding contract terms or as directed by the Contracting Officer.

(3) Interest penalty not applicable. Contract financing payments shall not be assessed an interest penalty for payment delays.

(c) Fast payment procedure due dates. If this contract contains the clause at 52.213-1, Fast Payment Procedure, payments will be made within 15 days after the date of receipt of the invoice.

## **I.8 52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)**

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this/these address(es):

<http://arinet.gov/far/>

## **I.9 USAIDAR 752.7032 INTERNATIONAL TRAVEL APPROVAL AND NOTIFICATION REQUIREMENTS (JAN 1990)**

Prior written approval by the Contracting Officer is required for all international travel directly and identifiably funded by USAID under this contract. The Contractor shall therefore present to the Contracting Officer an itinerary for each planned international trip, showing the name of the traveler, purpose of the trip, origin/destination (and intervening stops), and dates of travel, as far in advanced of the proposed travel as possible, but in no event less than three weeks before travel is planned to commence. The Contracting Officer's prior written approval may be in the form of a letter or telegram or similar device or may be specifically incorporated into the schedule of the contract. At least one week prior to commencement of approved international travel, the Contractor shall notify the cognizant Mission, with a copy to the Contracting Officer, of planned travel, identifying the travelers and the dates and times of arrival.

## **I.10 COMMUNICATIONS PRODUCTS (OCT 1994)**

(a) Definition - Communications products are any printed materials (other than non-color photocopy material), photographic services or video production services.

(b) Standards - USAID has established standards for communications products. These standards must be followed unless otherwise specifically provided in the contract or approved in writing by the contracting officer. A copy of the standards for USAID financed publications and video productions is attached.

(c) Communications products which meet any of the following criteria are not eligible for USAID financing under this agreement unless specifically authorized in the contract or in writing by the contracting officer:

(1) All communications materials funded by operating expense account funds;

(2) Any communication products costing over \$25,000, including the costs of both preparation and execution. For example, in the case of a publication, the costs will include research, writing and other editorial services (including any associated overhead), design, layout and production costs.

(3) Any communication products that will be sent directly to, or likely to be seen by, a Member of Congress or Congressional staffer; and

(4) Any publication that will have more than 50 percent of its copies distributed in the United States (excluding copies provided to CDIE and other USAID/W offices for internal use.

(d) The initial proposal must provide a separate estimate of the cost of every communications product as defined in paragraph (a) above [not just those which meet the criteria in paragraph (c)] which is anticipated under the contract. Each estimate must include all of the costs associated with preparation and execution of the product. Any subsequent request for approval of a covered communication product must provide the same type of cost information.

**PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACHMENTS**

**SECTION J - LIST OF ATTACHMENTS**

ATTACHMENT 1 - USAID FORM 1420-17 - CONTRACTOR BIOGRAPHICAL DATA SHEET

ATTACHMENT 2 - SF LLL - DISCLOSURE OF LOBBYING ACTIVITIES

ATTACHMENT 3 - CERTIFICATE OF CURRENT COST AND PRICING DATA

ATTACHMENT 4 - ICCAA SUMMARY

ATTACHMENT 5 - MBAEC SUMMARY

ATTACHMENT 6 - BUSINESS PLAN FOR THE CREATION OF A BUSINESS SERVICES COMPANY IN KAZAKHSTAN

ATTACHMENT 7 - BUSINESS PLAN FOR THE CREATION AND DEVELOPMENT OF A REGIONAL TRADE NETWORK

ATTACHMENT 8 - SME DEVELOPMENT PROJECT, ANNUAL REPORT 2000-2001

ATTACHMENT 9 - SOW, TRADE & INVESTMENT PROJECT

ATTACHMENT 10 - INVENTORY OF NON-EXPANDABLE PROPERTY UNDER THE SME DEVELOPMENT PROJECT



**ATTACHMENT 1**

**USAID FORM 1420-17 - CONTRACTOR BIOGRAPHICAL DATA SHEET**

For an electronic version, please locate the form at [http://www.USAID.GOV/procurement\\_bus\\_opp/procurement/forms/](http://www.USAID.GOV/procurement_bus_opp/procurement/forms/)

**ATTACHMENT 2**

**SF LLL - DISCLOSURE OF LOBBYING ACTIVITIES**

For an electronic version, please locate the form at [http://www.USAID.GOV/procurement\\_bus\\_opp/procurement/forms/](http://www.USAID.GOV/procurement_bus_opp/procurement/forms/)

**ATTACHMENT 3****CERTIFICATE OF CURRENT COST AND PRICING DATA**

This is to certify that, to the best of my knowledge and belief, cost or pricing data (as defined in Section 15.801 of the Federal Acquisition Regulation (FAR) and required under FAR subsection 15.804-2) submitted, either actually or by specific identification in writing, to the Contracting Officer or to the Contracting Officer's representative in support of \_\_\_\_\_ are accurate, complete, and current as of \_\_\_\_\_.\*\*

FIRM: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE OF EXECUTION: \_\_\_\_\_

\* Identify the proposal, quotation, request for price adjustment, or other submission involved, giving the appropriate identifying number (e.g., RFP Number).

\*\* Insert the day, month, and year when price negotiations were concluded and price agreement was reached.

\*\*\* Insert the day, month, and year of signing, which should be as close as practicable to the date when price negotiations were concluded and the contract price was agreed to.

## ATTACHMENT 4

## ICCAA SUMMARY

## Summary

### *International Council of Certified Accountants and Auditors*

On 4-5 December 2001, representatives of ten professional associations of accountants and auditors of Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Russia and Ukraine met in Tashkent to create a legally-registered regional accounting professional association, the International Council of Certified Accountants and Auditors (ICCAA). ICCAA succeeds the informal Central Asian Council of Professional Accountants and Auditors (CACAA), which began meeting two years ago to discuss accounting and audit issues of regional importance.

The participants voted to make developing a regionally standard testing and certification program for accountants the main focus of ICCAA. The United States Agency for International Development (USAID) has sponsored the development of this program, which is based on international guidelines and standards regarding technical education of professional accountants. ICCAA and USAID endorse this program as a means of contributing to regional professional and economic development and integration.

CACAA, which began meeting in 1999, originally comprised professional accounting and audit associations from Kazakhstan, Kyrgyzstan and Uzbekistan. Later, associations from Tajikistan joined. Observers from Turkmenistan, where there are as of yet no accounting professional associations, have also attended a recent meeting. At the ICCAA meeting in Tashkent, one association from Ukraine and Russia joined. ICCAA intends to recruit professional associations from across the Former Soviet Union that fulfill two conditions: 1) adopt charters that comply with guidance issued by the International Federation of Accountants (IFAC) and 2) adopt membership criteria based on the regional certification program.

To coordinate certification of professional accountants and auditors in the countries-members of ICCAA it is intended to set up Regional Examination and Certification Network that will prepare, administer and evaluate exams, and together with the Council issue certificates. The unified program and procedure for administering qualification exams should be approved by ICCAA.

At the foundation meeting for ICCAA in Tashkent, the delegates elected the following officers: Mr. Sapar Koshkimbaev, President of the Chamber of Auditors of the Republic of Kazakhstan was elected Chairman and Mrs. Minovar Tulyakhodjaeva, Chairperson of National Association of Accountants and Auditors of Uzbekistan was elected as Deputy Chairman of the Council.

The founders of ICCAA were the following organizations:

1. Chamber of Auditors of the Republic of Kazakhstan;
2. Chamber of Professional Accountants of the Republic of Kazakhstan;
3. Association of Accountants and Auditors of Kyrgyz Republic;
4. Chamber of Accountants and Auditors of Kyrgyz Republic;
5. National Association of Accountants and Auditors of Uzbekistan;
6. Chamber of Auditors of Uzbekistan;
7. Public Institution of Professional Accountants and Auditors of the Republic of Tajikistan;
8. Association of Accountants and Auditors of the Republic of Tajikistan;
9. Russian Collegium of Auditors;
10. Federation of Accountants and Auditors of Ukraine.

It was agreed that for the first two years the ICCAA headquarters will be located in Almaty. It is anticipated that initially USAID and other donor organizations, which are interested in accounting development, will provide financial assistance to the Council.

## ATTACHMENT 5

## MBAEC SUMMARY

## Summary

Support of Private Enterprise Development  
provided to USAID/CAR  
by

*The Consortium for the MBA Enterprise Corps, Inc.*

## Background

The MBA Enterprise Corps was founded in 1990 by the Kenan Institute of Private Enterprise and the Consortium for the MBA Enterprise Corps. The MBA Enterprise Corps is a private voluntary organization with a solid track record of providing long-term advisors (Corps members) to work directly in local host enterprises and with a variety of companies through business advisory centers. Corps members are graduates from 39 of the top business schools in the U.S. They bring considerable work experience to their assignments; all are screened by their MBA school and nominated to participate in the program. Since the corps' inception in 1990, over 550 Corps members have assisted in all aspects of management and technology transfer to well over 760 enterprises, business support organizations, and associations in 20 countries. Recent host countries included Bulgaria, Croatia, Ukraine, Kazakhstan, Kyrgyzstan, Uzbekistan and Thailand.

The program is designed to provide technical support in business management practices to indigenous businesses and business-serving organizations. By targeting assistance to the requirements of small- to medium-sized businesses and organizations that serve them, the MBA Enterprise Corps supports the USAID strategy of human resource capacity building as an essential element in broad-based sustainable economic growth. For additional information on the MBA Enterprise Corps, please consult the web-site ([www.mbaec-cdc.org](http://www.mbaec-cdc.org)).

## Purpose of Assistance

The advisers support USAID/CAR's development and training programs for small- and medium-sized enterprises, and USAID/CAR's SME Trade & Investment project. The programs are implemented through the Office of Enterprise & Finance as part of Strategic Objective 1.3, "Improved Environment for the Growth of Small- and Medium-sized Enterprises." Intermediate Results to be achieved under this activity fall under *Increased Opportunity to Acquire Business Information, Knowledge and Skills* (IR 1.3.1) and *Increased Implementation of Laws and Regulations* (IR 1.3.3).

## Scope of Work

Corps members assigned to work with USAID/CAR's SME development and training programs convey information, design and conduct workshops, and provide consulting services to majority locally owned companies with no more than 500 employees. The members also assist in developing sustainable business support organizations and long-term partnerships among companies within and outside the region. Generally, Corps members provide assistance in the following areas:

- Accounting
- Cost controls
- Quality control
- Product rationalization
- Marketing and sales organization
- Financing--cash flow and loan applications
- Information gathering & dissemination
- Production process and efficiency improvement
- Management reorganization
- Supply chain management
- Logistics management
- International alliance-building

Some members also have strong industry expertise. Specific assignments are made depending on needs for long-term assistance identified by the CTO and are determined jointly between the CTO and the Corps. In these assignments, corps members might work on accounting reform efforts in the region, or identify companies that could benefit from short- and long-term assistance.

Corps members assigned to work with USAID/CAR's SME Trade & Investment project may be involved in various activities. This includes gathering and disseminating information, acting as liaisons between entrepreneurs and government representatives, assisting in educating businessmen and governmental officials regarding the existence of constraints to investment in SMEs, working to remove such constraints, designing and conducting workshops, and working with representatives of local businesses and governments to identify and address issues adversely affecting SMEs.

Generally Corps assignments last for 15 months, including three months of language training. Language training begins in July and ends in September. Following training, Corps members spend 12 months assisting a Business Advisory Center (BAC) effort, local training partner, or contractor.

#### **A. Business Advisory Center**

Corps members who serve under a regional BAC provide information, workshops and consulting services to majority local owned companies with approximately 10-500 employees throughout Central Asia. Corps members may be assigned to BACs in such places as Bishkek or Osh, Kyrgyzstan, Ferghana City or Tashkent, Uzbekistan, or Atyrau, Kazakhstan.

The overall objectives of the efforts are:

1. To assess the problems of the target companies.
2. To identify systematic weaknesses and alert the appropriate multilateral agencies.

Corps members form bi-national teams that will provide data-gathering services for the program as well as continuous contact with the client companies as they receive different advisers through the BAC. The BAC's priority is to serve the client companies.

Corps members serve small- and medium-sized enterprises, which would not otherwise have access to such expertise. The first objective is accomplished through the establishment of two-person teams, including one Corps member and one local advisory specialist. These teams, working under the direction of the BAC Director, visit at least 300 SMEs applying for advisory assistance. They interview senior managers of the company on their problems and business needs. This information is recorded in forms appropriate for determining whether the firms meet the established criteria for assistance and what advisory assistance will be required. The information is also used to develop a program of assistance that could provide advice or technical assistance from the experienced volunteer business advisers (EVBA), recruited through International Executive Service Corp (IESC), Citizens Democracy Corp (CDC), Financial Services Volunteer Corp (FSVC), ACDI/VOCA, or other such (EVBA) organizations cooperating with the BAC.

The second objective is accomplished by providing USAID/CAR with information on systematic weaknesses identified by the BAC advisers. The provision of in-depth business advisory services to a large number of small- and medium-sized enterprises is a unique opportunity to gather information on systemic bottlenecks and problems that have adversely affected business development. The final report of the advisory team on each company includes, when appropriate, a listing of such systemic problems. When there appears to be a number of companies experiencing the same problems, a summary of the reports is sent to USAID/CAR. When these systemic problems are susceptible to action under the advisory program (such as a specific training need), BAC resources can be used to hold open admission courses for the relevant industry or topic. These can include such issues as changes in government regulations or procedures that restrict SME development, and logistics management for competitive advantage.

#### **B. Business Education**

The objective of this activity is to provide practical business education to entrepreneurs and SME managers and to oversee all exams and testing. The business courses are offered through open enrollment. However, customized courses are delivered to a single enterprise if there is adequate demand for the course in more than one company and there are no less than 10 participants attending each course. A key responsibility of the Corps members is to assist the contractor to monitor, evaluate and work to continually improve the training curriculum. This is accomplished by follow up, in-company visits with course participants, questionnaires completed at the end of each course, follow up surveys, or other means.

Corps members assist the contractor to deliver various business short courses including, but not limited to, the following subjects: management, marketing, finance, accounting, strategy planning and business plans.

**C. Trade & Investment Project**

Corps members who work with the SME Trade & Investment project are involved in implementing the Reduction of Investment Constraints (RIC) component of the activity. The overall objective of the RIC component of the activity is to accomplish the removal of investment constraints that impede operations and growth of businesses. At the local level, the activity focuses greater effort on dissemination, adoption and implementation in selected oblasts in each nation of laws that remove constraints to SME trade and investment, and facilitate business growth. The component also promotes increased dialogue and information sharing between local governments and businesses, and educates members of both the government and the private sector on the constraints to SME trade and investment.

**Assignments to Date**

In the first round of assignments (July 2000 – September 2001), seven volunteers were assigned to the region:

- Kazakhstan: one volunteer to the SME Development Project and another to the Removal of Investment Constraints Project;
- Kyrgyzstan: four volunteers were assigned to the SME Development Project; and
- Uzbekistan: one volunteer was assigned to the SME Development Project.

In the second round of assignments (July 2001 – September 2002), nine volunteers were assigned to Central Asia:

- Kazakhstan: three volunteers were assigned to the SME Trade & Investment Project, and three were assigned to the SME Development Project; and
- Kyrgyzstan: one volunteer was assigned to the SME Trade & Investment Project, and another to the SME Development Project; and
- Uzbekistan: one volunteer was assigned to the SME Development Project.

**Expected Future Assignments**

Currently, USAID/CAR plans to take up to 20 new volunteers in the forthcoming cycle. It would be expected that two volunteers would be placed in each of the various Enterprise Development Centers: Uralsk, Atyrau, Pavlodar, Ust-Kamenogorsk, and Almaty in Kazakhstan; Bishkek and Osh in Kyrgyzstan; Ferghana City, Andijan in Uzbekistan, and either Dushanbe or Khojand in Tajikistan. In each site, one volunteer would be assigned to the SME Trade & Investment Project, while the other would be assigned to the Enterprise Development Project. In Kazakhstan, two additional volunteers may be assigned.

**ATTACHMENT 6**

**BUSINESS PLAN FOR THE CREATION OF A BUSINESS SERVICES COMPANY IN KAZAKHSTAN**

**USAID - PRAGMA CONTRACT  
SME DEVELOPMENT PROJECT  
IN CENTRAL ASIA**

Business Plan  
For The Creation Of A Business Services Company In Kazakhstan

**“Quality Management Center”**

**DRAFT 12/7/01**

Prepared by:  
The Pragma Corporation  
8-a Abai Avenue  
Almaty, 480100  
Republic of Kazakhstan

Tel. 7(3272) 63 84 66 / 63 78 13 / 63 46 91  
Fax 7(3272) 63 68 21  
e-mail [dkerry@pragma.kz](mailto:dkerry@pragma.kz)

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- b) THE CURRENT SITUATION AT NATIONAL LEVEL**

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- 2.3 Advisory Board**
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## **BUSINESS PLAN FOR THE CREATION OF "QUALITY MANAGEMENT CENTER"**

### **Executive Summary**

#### **1.0 Market Needs / Opportunities for Technical Services in Mas-Q**

In September 2001, Ed Nemeroff, a US expert on Quality Assurance and Quality Management Systems, conducted a review assessment of the metrology, accreditation, standardization and certification (MAS-Q) system in Kazakhstan. He concluded:

##### **a) The Current Situation at Small and Medium Sized Enterprise Level**

- There is a general lack of awareness of the internal efficiency and cost benefits that are to be gained through the creation of good working practices, linked with formally documented Quality Management Systems (QMS) designed in accordance with the ISO 9000 range of standards (QMS – ISO 9000)
- There is also a lack of awareness of the business growth that can be gained by companies that are certified to ISO 9000.
- Kazakhstan presently lacks a sufficiently large and well trained domestic consulting industry capable of delivering promotion on the benefits that can be realized, and the technical consulting required by SMEs that are subsequently attracted to implement QMS - ISO 9000.
- The high cost of obtaining technical consulting from foreign consulting companies active in Kazakhstan, when balanced against the low profitability of most Kazakh owned SMEs, is proving prohibitive for the vast majority

SME's that establish a Quality Management System will become more reliable suppliers, better able to serve the product and delivery requirements of the oil companies operating in Kazakhstan.

SME's that have their Quality Management System certified in accordance with ISO standards will be better able to attract foreign investors and buyers for their products.

**The present business plan concerns the creation of a sponsored business services company, the "Quality Management Center" (QMC), with the following goals:**

- QMC will be the vehicle by which US technical assistance in QMS – ISO 9000 will be transferred at the SME level.
- The main task of QMC will be to train and assist SME clients to prepare their QMS – ISO 9000 procedural documentation and to provide advice and information on certification. QMC will cooperate with other consulting companies in the provision of pre-certification consulting and then introduce those prepared clients to commercial companies, accredited to provide certification in accordance with the ISO 9000 standard series. QMC will also provide technical services to Testing Laboratories, promoting benefits and assisting with accreditation in accordance with ISO 17025.
- Initial US management and highly trained local staff, i.e. all highly qualified specialists in QMS – ISO 9000 and other relevant standards, will ensure that QMC delivers the highest possible level of technical assistance to its clients. Sponsorship and cooperation with USAID/Pragma programs will enable it to do that at an affordable cost.

Failure to implement good business management practices, as evidenced by ISO 9000 certification, is one of the reasons why Kazakhstan's SMEs are not taking full advantage of the trade opportunities provided by foreign companies that are currently investing in the extraction of Kazakhstan's oil resources and the development of its major industries.

USAID programs are providing technical assistance to SMEs, bringing about improvements in management and production practices. In parallel to this, SMEs need sponsor funded technical assistance to establish Quality Management Systems designed in accordance with ISO 9000.

#### **b) The Current Situation at National Level:**

**The review concluded that the present MAS-Q system at national level contains an outdated organizational structure, laws, processes, procedures, ideology and testing laboratories that are providing actual barriers to trade and investment.**

- However, the review also concluded that experts in Kazakhstan's governing body, the Committee on Standards, Metrology, and Accreditation (hereinafter referred to as COSMA) understand this situation and are prepared to initiate needed changes.

**The Pragma Corporation's USAID funded program, Trade and Investment Project (TIP Project) has been directed to address the above problems at the national level.**

## **2.0 Quality Management Center - Description**

### **Business Aims and Services**

QMC will:

1. Cooperate extensively with USAID/Pragma's SME Development Program in establishing QMC's range of services, in selecting and training staff and in marketing and delivering their services.
2. Utilize local staff, local consultants and through USAID/Pragma's Business Advisory Services component access the services of US senior volunteers, i.e. all specialists in Quality Management and Quality Assurance, to provide technical training and consulting services to SMEs and Testing Laboratories.
3. Develop materials and provide seminars promoting the advantages of Quality Management Systems at the SME level.
4. Develop materials and implement training and consulting services at SME level, to enable participating SMEs to create their Quality Management System in accordance with ISO 9000.
5. Provide information about, and cooperate with USAID/Pragma's other SME development programs - to ensure clients additionally receive Business Advisory Services, i.e. business training, business advice, and US senior volunteers who can provide sector specific consulting on best management practices, production processes and product quality assurance.

USAID/Pragma's Business Advisory Services (BAS) enable participating SMEs to develop functional procedures based on best world practices of management, production, quality control and delivery of either services or products.

The Center will train and assist SMEs to document their functional procedures, to create their Quality Management Systems (QMS). To take full advantage of QMS, both BAS and QMS services will be inter-linked and provided as one continuous business development process.

6. Cooperate with commercial consulting companies in preparing clients for certification, and with national and international certification companies – passing clients to those certification companies.
7. Work in conjunction with COSMA to establish an internationally accepted and recognized Testing Laboratory improvement and accreditation program in accordance with ISO 17025.
8. Take advantage of the present Special American Business Internship Training (SABIT) Program

## Legal Structure

The legal structure is currently under consideration – and will depend to a large extent on the demands of sponsor organizations. Taking account of QMC's services, and requirements for sponsorship, legal advice has recommended to register as a nonprofit Educational Fund, which has significant advantages under law.

## Advisory Board

QMC will be guided by an Advisory Board, probably consisting of:

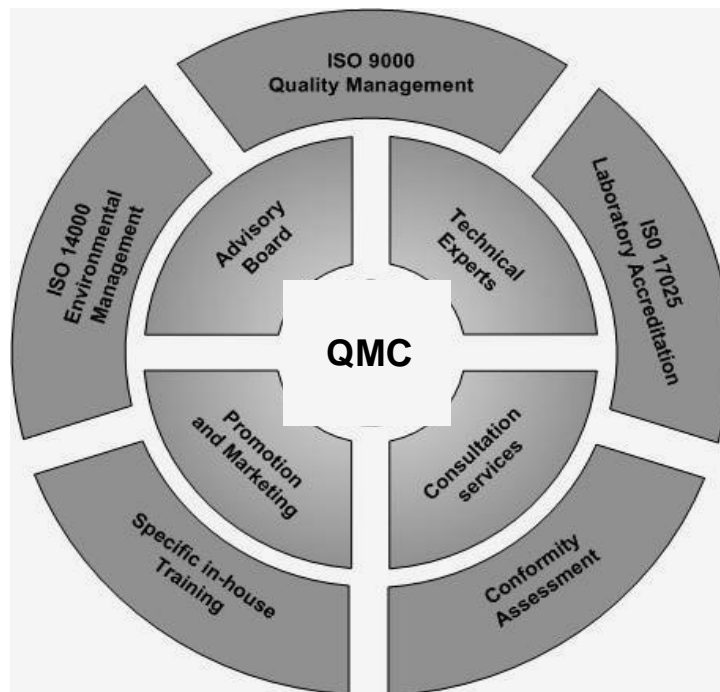
- USAID's Chief Technical Officer, responsible for Pragma's programs
- Pragma's Chief of Party – SME Development,
- Pragma's Chief of Party – TIP Project
- Pragma's Regional Director – BAS
- One member from COSMA,
- The local Special American Business Internship Training (SABIT) Program Coordinator,
- Various industrial leaders (representing sponsors).

## Management

A US ex-pat Director will provide the main management of QMC in all its locations. He/she will be guided by the Advisory Board.

The Director will be supported by a local Deputy Director and a Logistics / Project Manager who will also contribute services as the Director's translator / interpreter.

## Functional Diagram:



Functional Diagram:

## Location

The location of QMC's head-quarters will be selected for its convenience for providing services to SMEs that are potential suppliers to the major international oil companies. QMC will also provide its services through four other Regional Units. Activities will be centered on cities that are receiving other forms of USAID funded SME development assistance through Pragma's programs, namely in Almaty, Atyrau, Uralsk, Pavlodar and Ust-Kamenogorsk.

## Marketing

Marketing materials, expenses and services will be provided free of charge to QMC by specialist staff already employed under USAID/Pragma's programs. The Director will liaise with the COP SME Development Project regarding requirements, then with marketing staff during implementation. Significant marketing will be provided jointly with the marketing of USAID/Pragma's services.

### **Implementation Program, Benchmarks and Tangible Results**

The program envisages the main benchmarks starting with the appointment of the Advisory Board, in November, 2001. Approval and appointment of an ex-pat Director within December. His arrival in Kazakhstan early January and start-up in February 2002

Tangible results are expected progressively, with set benchmarks to be achieved at 3 months, 6 months and 12 months.

### **Financial Plan**

#### **Income**

Considering the objectives of QMC - that it will focus its attention on assisting SME clients that are trying to establish themselves to break into available markets (and not target cash rich companies that are already successful in doing that) - in the first year of operation:

- QMC's expenditures on establishment of the company, hiring of office space, staffing, purchasing office equipment and staff training, i.e. fixed and recurring costs, are anticipated to be fully sponsor funded.
- Sponsorship is also envisaged to cover the cost of QMC providing "free of charge" gap assessments, i.e. an assessment that will establish each SME client's current position and determine its needs for technical assistance in creating its QMS – ISO 9000.
- Expenditures incurred in providing further assistance, determined by the above assessment, will be wholly covered by revenue. QMC will charge SME client's nominal fees, calculated on a "recoverable expenses plus taxes" basis for each additional type of service provided - estimated case by case and negotiated prior to signing services contracts, or agreements. Such fees are anticipated to recover for example:
  - The cost of travel, accommodation and local per diems paid to staff that may be required to travel and stay local to the client's premises in order to service the client's needs
  - Cost of any purchased supplies and/or services required to assist the client, e.g. the recovery of expenditures incurred in delivering local training programs for Managers of QMS –ISO 9000.
  - Any taxes incurred

Opportunities will be taken to charge fees in addition to the above, where the client's financial situation and the scope of services allow.

Any actual excess of revenue over total expenditures will be re-invested into the company for future growth and ultimately to reduce QMC's reliability on sponsor contributions.

## BUSINESS PLAN FOR THE CREATION OF

“QUALITY MANAGEMENT CENTER”**1.0 Market Opportunities for Technical Services in MAS-Q**

In September 2001, Ed Nemeroff, a US expert on Quality Assurance and Quality Management Systems, conducted a review assessment of the metrology, accreditation, standardization and certification (MAS-Q) system in Kazakhstan.

**1.1 MAS-Q Review Conclusions: -****a) The Current Situation at Small and Medium Sized Enterprise Level**

- The review confirmed broadly held opinion that at the small and medium sized enterprise (SME) level:
  - There is a general lack of awareness of the internal efficiency and cost benefits that are to be gained through the creation of good working practices, linked with formally documented Quality Management Systems (QMS) designed in accordance with the ISO 9000 range of standards (QMS – ISO 9000)
  - There is also a lack of awareness of the business growth that can be gained by companies that are certified to ISO 9000.
- Kazakhstan presently lacks a sufficiently large and well trained domestic consulting industry capable of delivering promotion on the benefits that can be realized, and the technical consulting required by SMEs that are subsequently attracted to implement QMS - ISO 9000.
- The high cost of obtaining technical consulting from foreign consulting companies active in Kazakhstan, when balanced against the low profitability of most Kazakh owned SMEs, is proving prohibitive for the vast majority.
- A total of approximately 65 SMEs, widely dispersed across Kazakhstan, have received information and have expressed interest in being certified to ISO 9000.

Failure to implement good business management practices, as evidenced by ISO 9000 certification, is one of the reasons why Kazakhstan's SMEs are not taking full advantage of the trade opportunities provided by foreign companies that are currently investing in the extraction of Kazakhstan's oil resources and the development of its major industries.

USAID programs are providing technical assistance to SMEs, bringing about improvements in management and production practices. In parallel to this, SMEs need Sponsor funded technical assistance to establish Quality Management Systems designed in accordance with ISO 9000.

**The present business plan concerns the creation of a Sponsor funded business services company, the Quality Management Center (QMC), as recommended by Ed Nemerov's review:**

- QMC will be the vehicle by which US technical assistance in QMS – ISO 9000 will be transferred at the SME level.
- The main task of QMC will be to train and assist clients to prepare their QMS – ISO 9000 procedural documentation and to provide advice and information on certification. QMC will cooperate with other consulting companies in the provision of pre-certification consulting and then introduce those prepared clients to commercial companies, accredited to provide certification in accordance with the ISO 9000 standard series. QMC will also provide technical services to Testing Laboratories, promoting benefits and assisting with accreditation in accordance with ISO 17025.
- Sponsor funding, initial US management and highly trained local staff, i.e. all highly qualified specialists in QMS – ISO 9000 and other relevant standards, will ensure that QMC delivers the highest possible level of technical assistance to its clients, at an affordable cost.
- QMC will cooperate with Pragma's, USAID funded SME Development Program to access additional technical assistance services that will ensure its clients' requirements for consulting in business management, production processes, accounting

reform and quality assurance are also addressed. Through this program, US senior volunteers will be brought to Kazakhstan to provide specialized training and consulting both to QMC staff and its clients.

SME's that establish a Quality Management System will become more reliable suppliers, better able to serve the product and delivery requirements of the oil companies operating in Kazakhstan.

SME's that have their Quality Management System certified in accordance with ISO standards will be better able to attract foreign investors and buyers for their products.

#### **b) The Current Situation at National Level:**

**The review concluded that the present MAS-Q system at national level contains an outdated organizational structure, laws, processes, procedures, ideology and testing laboratories that are providing actual barriers to trade and investment.**

However, the review also concluded that experts in Kazakhstan's governing body, the Committee on Standards, Metrology, and Accreditation (hereinafter referred to as COSMA) understand this situation and are prepared to initiate needed changes.

The problems COSMA face are lack of funding, lack of sufficient and fully trained technical staff, lack of modern metrology, scientific apparatus and facilities. Most importantly, they need technical assistance in how to develop and implement an infrastructure that will meet domestic requirements and at the same time be internationally recognized and accepted.

**The Pragma Corporation's USAID funded program, "Removal of Investment Constraints in Kazakhstan" (RICK Project) has been directed to address the above problems at the national level. Through that program, US technical assistance, e.g. experts and materials from the US National Institute of Standards and Technology (NIST), will be provided to advise and assist COSMA to implement required changes. Since this assistance will have a bearing on the nation's MAS-Q system and industry in general, and on the work of QMC, additional information on that assistance is provided in the attached chart.**

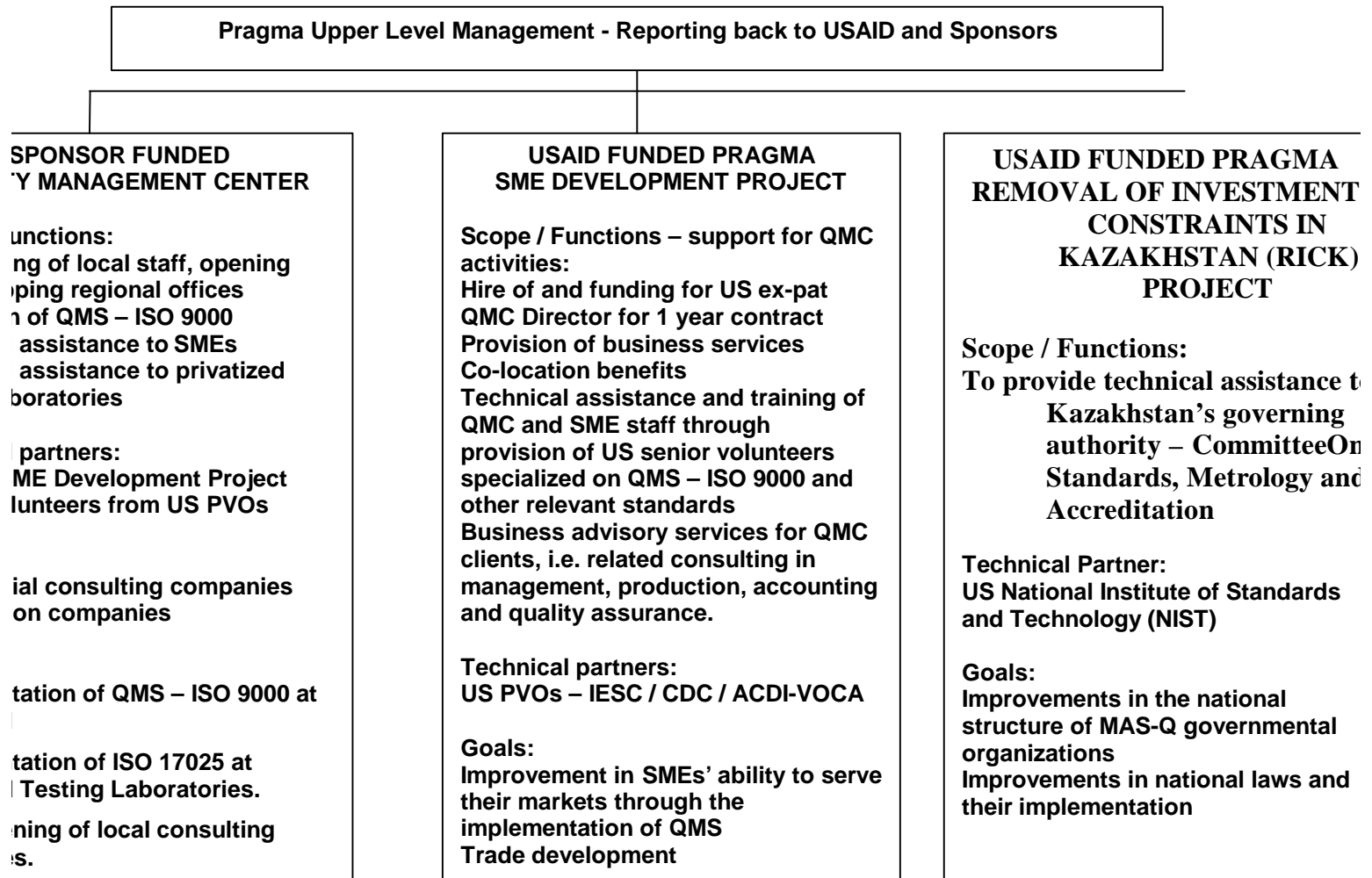
Kazakhstan law presently requires all imported equipment and products to be tested and certified in accordance with Kazakhstan standards prior to use. This certification is required irrespective of any previous testing and certification in accordance with world recognized standards. The time required to comply with this requirement is compounded by Kazakhstan's testing laboratories lacking the ability and equipment to test and certify every type of equipment and product now being imported.

Following consultation by Ed Nemerov, COSMA has indicated its intention to change the law so that product testing and certification carried out abroad to ISO standards will be recognized in Kazakhstan.



## SECTION J

### 1.2 SCHEME FOR US ASSISTANCE TO KAZAKHSTAN IN MAS-Q





**2.0 Quality Management Center - Description****2.1 Business Aims and Services**

The Quality Assistance Center will:

1. Cooperate extensively with Pragma's SME Development Program in establishing QMC's range of services, in selecting and training staff and in marketing and delivering their services.
2. Utilize local staff, local consultants and (through Pragma's Business Advisory Services component) US senior volunteers, i.e. all specialists in Quality Management and Quality Assurance, to provide technical training and consulting services to SMEs and Testing Laboratories.
3. Develop materials and provide seminars promoting the advantages of Quality Management Systems at the SME level - informing potential clients on matters such as:
  - assistance that can be provided by QMC,
  - QMS – ISO 9000 implementation procedures,
  - cost,
  - certification options, and
  - introducing companies that provide consulting and certification.
4. Develop materials and implement training and consulting services at SME level, to enable participating SMEs to create their Quality Management System in accordance with ISO 9000.
  - Perform diagnostic assessment to evaluate SMEs present quality management and assurance systems and help them set quality goals.
  - Assist SMEs to achieve quality goals.
  - Introduce other business consulting and training where necessary.
  - Assist in developing quality documentation in all areas.
  - Assist in mobilizing all company staff efforts towards the ultimate goal of quality - through seminars and workshops in all related areas.
  - Assist in selecting internationally recognized certification and/or accreditation bodies.
5. Provide information about, and cooperate with Pragma's other SME development programs - to ensure clients additionally receive Business Advisory Services, i.e. business training, business advice, and US senior volunteers who can provide sector specific consulting on best management practices, production processes and product quality assurance.

Pragma's Business Advisory Services (BAS) enable participating SMEs to develop functional procedures based on best world practices of management, production, quality control and delivery of either service or products.

QMC will train and assist SMEs to document their functional procedures within their Quality Management Systems. To take full advantage of QMS, both BAS and QMS services will be inter-linked and managed as one continuous business development process

6. Cooperate with commercial consulting companies in preparing clients for certification, and with national and international certification companies – passing clients to those certification companies.
7. Work in conjunction with COSMA to establish an internationally accepted and recognized Testing Laboratory improvement and accreditation program in accordance with ISO 17025.
8. Take advantage of the present Special American Business Internship Training (SABIT) Program.

9. Work closely with Kazakh government officials and industry leaders in the creation and delivery of assistance programs and the evaluation of needs with respect to implementation of ISO 14000 Environmental Management Standards. Delivery of such assistance represents opportunity for business growth for QMC.

## 2.2 Legal Structure

The legal structure is currently under consideration – and will depend to a large extent on the demands of Sponsor organizations. Taking account of QMC's services, and donation requirements, legal advice has recommended to register as, and take significant advantage of the provisions in law awarded to a Public Fund.

Briefly, this legal structure provides for an organization:

- that is registered by its founders, who may also make donations, including equipment and services (with tax advantages) and assume no further responsibility,
- that is managed by a Director and is guided by an Advisory Board
- that reinvests its revenue into further growth (non-profit),
- that conducts business activities and receives revenues,

## 2.3 Advisory Board

QMC will be guided by an Advisory Board, probably consisting of:

- USAID's Chief Technical Officer, responsible for Pragma's programs
- Pragma's Chief of Party – SME Development,
- Pragma's Chief of Party – RICK Project
- Pragma's Regional Director – BAS
- One member from COSMA,
- The local Special American Business Internship Training (SABIT) Program Coordinator,
- Various industrial leaders (representing Sponsors).

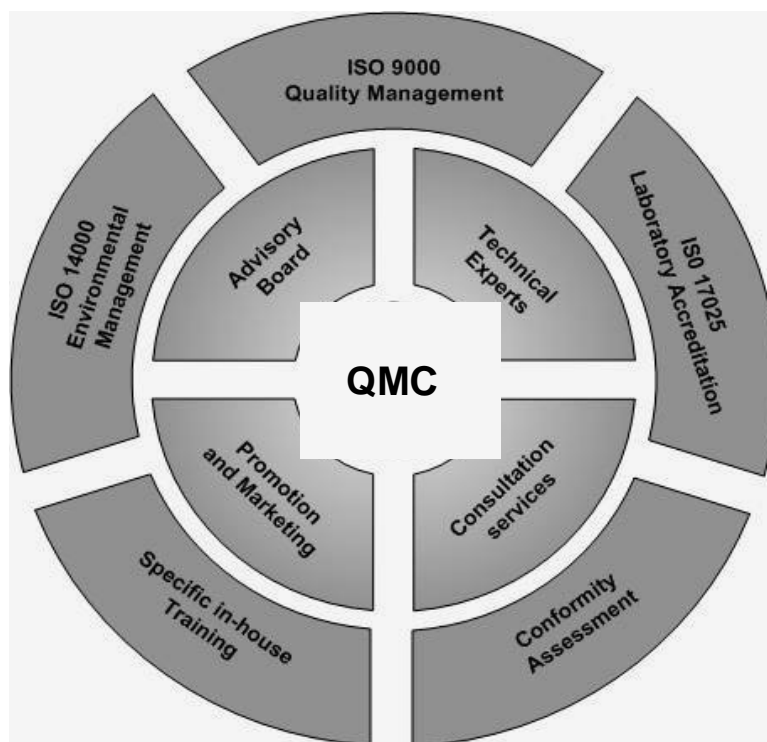
## 2.4 Management

The US ex-pat Director will provide the main management of QMC in all its locations. He/she will be guided by the Advisory Board. Approaches are currently being made in the US to identify the right person for the Director's position – see Attachment 1, Job Description.

The Director will be supported by a local Deputy Director and a Logistics / Project Manager who will also contribute services as the Director's translator / interpreter.

The Director will receive logistical assistance, program development support and local business orientation through cooperation with Pragma's Chief of Party, SME Development and the Regional Director, Business Advisory Services.

## 2.5 Functional Diagram:



## 2.6 Location

QMC will be head-quartered in ???, selected for its convenience for providing services to potential suppliers to the major oil companies. QMC will also provide its services through four other Regional Units. Activities will be centered on cities that are receiving other forms of USAID funded SME development assistance through Pragma's programs, namely in Almaty, Atyrau, Uralsk, Pavlodar and Ust-Kamenogorsk.

The attached Budget provides estimated expenditures based on the case that QMC's headquarters will be independently located, however, that the four other Regional Units will be co-located in Pragma's existing offices. Alternative cases are provided for co-location of QMC's head-quarters within a Sponsor's office, and additionally considers the free of charge donation of all office space.

## 2.7 QMC's Strengths and Limitations

### Strengths:

QMC's staff, supported and trained by US volunteer specialists, will provide high quality technical assistance. With the support of USAID, cooperation with Pragma's programs, and the additional Sponsor funding anticipated, it will be the only organization in Kazakhstan capable of providing such assistance - at a huge discount price affordable to SMEs and Testing Laboratories.

QMC will be the top USAID / sponsor funded QMS – ISO 9000 organization working at SME level on promoting, training and consulting in this, and related quality topics.

### Limitations:

As conceived, QMC will have only limited capacity to provide the intensive in-company consulting required to fully manage every potential clients' preparation of QMS –ISO 9000. For example, a capacity of approximately 25 to 30 companies per year could be fully managed by the 5 advisors scheduled to be hired and trained. Such impact would be relatively insignificant in terms of serving Kazakhstan's needs.

Instead, a much broader result will be achieved through QMC training companies to create their own QMS, linked to the provision of regular audit and advisory services during this process. In this method, training and assistance should impact on approximately 100 companies per year. It is recognized that such training and advisory services will create opportunities for intensive consulting services that may be filled by other local consulting companies.

## 2.8 Competitors and Cooperation

There are currently few, but a growing number of local SMEs providing consulting services in the field of Quality Management and Quality Assurance in Kazakhstan. QMC will establish contact with and assess these SMEs (potential competitors) located in each region served by QMC.

Since QMC's in-company consulting capacity will be extremely limited, suitable SMEs will be offered technical assistance, training and encouraged to cooperate in the delivery of consulting services to a broader range of mutual clients than QMC could possibly serve if working in isolation. The primary aim of QMC is SME development in all fields of activity – this also includes the development of SMEs providing consulting services in Quality Management and Quality Assurance.

Foreign commercial consulting and certification companies that are active in Kazakhstan are also to be contacted and ways of cooperation established. QMC will deliver “prepared clients” to such companies for certification.

## 3.0 Resources

### 3.1 Materials for Promotion and Training

No difficulty is envisaged in obtaining substantial quantities of materials for promotion and training. QMC will compile materials promised from several sources:

A substantial quantity of materials (in English and Russian) for both promotional purposes and training has been promised by the US National Institute of Standards and Technology.

IESC has contributed an extensive training workshop (also in English and Russian) for the training of Managers of Quality Management Systems - originally created and used on its USAID funded SME development program in St. Petersburg, Russia.

Senior volunteers participating in QMC's activities will contribute extensive materials.

### 3.2 Human Resources

Initially, QMC will begin its operations with the services of:

- one US ex-pat Director,
- one local Deputy Director,
- five local QMS Advisors (one located in each region served. More will be added and trained as the volume of interest in QMC's services increases).
- one local Logistics/ Projects Manager (with translating/ interpreting capability)
- one local Translator/ Interpreter, and

Through Pragma's programs receive the benefits of:

- the short-term assistance of US senior volunteers.
- the assistance of staff currently employed on other Pragma's programs, e.g. accountant, marketing and reporting personnel, senior volunteer coordinator
- where co-location permits - the use of shared office space and facilities, equipment, drivers, receptionist / telephone operator,.

Approaches are currently being made in the US to identify possible candidates for the position of Director. – no problems are envisaged in finding the right person for this position.

The Director will be supported by a local Deputy Director, with strong experience in Quality Management. No attempt has yet been made to locate suitable local candidates, however, since Kazakhstan and Russia have experienced people working in Quality Assurance and Quality Management, there should not be a problem to locate and hire one such professional, and to train him/her to the standard required.

No difficulties are expected in hiring the logistics / project manager and the interpreter.

As with the Deputy Director, it will be necessary to locate suitable candidates for the positions of QMS Advisors, then train them.

A “train the trainer” program, to be combined with client training, led by a senior volunteer, is envisaged as the starting point of providing local support services.

## 3.3 Equipment

No special equipment is required. QMC offices will be equipped with normal office furniture and equipment, i.e. computers, printer, Xerox, phones and fax.

Location of Regional Units within existing Pragma regional offices envisages economies of scale in sharing equipment, software and technical support staff.

#### **4.0 Marketing**

Marketing materials, expenses and services will be provided free of charge to QMC by specialist staff already employed under USAID/Pragma's programs. The Director will liaise with the COP SME Development Project regarding requirements, then with marketing staff during implementation. Significant marketing will be provided jointly with the marketing of USAID/Pragma's services.

#### **5.0 Reporting and evaluation**

The Director will submit monthly financial, activity and cumulative results reports, and quarterly summary reports to the Advisory Board, via Pragma's Chief Of Party, SME Development Project, or his appointed deputy.

The reports are to be provided in a format to be advised by Pragma's Chief of Party.

Evaluation of reports will be conducted at quarterly meetings of the members of the Advisory Board, to be convened by the Director within two weeks after the date of issue of the quarterly reports

#### **6.0 Implementation Program, Benchmarks and Tangible Results**

##### **Pre Start – Up (Target - December '01 through January '02)**

1. Advisory Board appointed
2. Business plan for the creation and activities of QMC agreed by Advisory Board
3. Sources of funding identified and commitments received.
4. Location of head-quarters and regional units determined.
5. Ex-pat Director selected, approved by Advisory Board and appointed.
6. Local staff hired, QMC registered, head-quarters opened and equipped.
7. Training materials prepared, staff being trained,
8. QMS benefits and QMC services being promoted.

##### **Start-up (Target - February 2002)**

9. Head-quarters equipped, opened, staff trained and providing client assessments and training services

##### **Three months results (Target – May 2002)**

10. Regional units equipped, opened and are functional
11. Clients' needs are being assessed in all locations served
12. SMEs and Testing Laboratories are being served – training programs and consulting services are functioning in all locations served.

##### **Six months results (Target – August 2002)**

13. SMEs are establishing their QMS.
14. Oil companies are placing more orders with QMC clients.
15. Increased demand for QMC services.
16. Requirements of Testing Laboratories defined – technical assistance being provided.

**ATTACHMENT 7**

**BUSINESS PLAN FOR THE CREATION AND DEVELOPMENT OF A REGIONAL  
TRADE NETWORK**

**USAID - PRAGMA CONTRACT**

**SME DEVELOPMENT PROJECT  
IN CENTRAL ASIA**

**Business Plan**

**The Creation and Development of a  
Regional Trade Network  
DRAFT COPY**

The Pragma Corporation  
8-a Abai Avenue  
Almaty, 480100  
Republic of Kazakhstan

Tel. 7(3272) 63 84 66 / 63 78 13 / 63 46 91  
Fax 7(3272) 63 68 21  
e-mail dkerry@pragma.kz

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**Executive Summary**

This Business Plan describes the concepts, design, implementation and further development of a Regional Trade Network as envisaged under Pragma's contract with USAID for SME Development in Central Asia.

Subject to the approval of this Business Plan by USAID, required funding will be allocated from within Pragma's existing contract and the Regional Trade Network (RTN) and RTN Support services herein described will be introduced without delay. Pragma will assume full responsibility for the management and timely implementation of all described activities and services, for the necessary purchases, for all sub-contracts to be placed and for reporting on this contract component to USAID.

**Delivery**

The Business Plan envisages three components:

**a RTN website**, to be up and running within 2 months after approval by USAID, to be managed by dedicated RTN website management staff;

**Trade Assistance Services**, to be continuously provided by Pragma staff, while simultaneously working on other components of Pragma's contract, commencing immediately the website is up and running.

**A Network of Business Partners**, who will collaborate with Pragma's staff in developing and delivering RTN resources and services.

**Useful Life**

RTN is conceived as a service to be implemented by Pragma's staff during its present contract with USAID. It will become a valuable program legacy, capable of being sustained and further developed by a legacy organization, according to USAID's wishes.

**Consultancy Services of Dr. Clifton Barton**

Pragma has retained the services of Dr. Clifton Barton, a US expert on the development of trade information services and e-commerce, to provide consultancy on the creation, implementation and development of RTN for Central Asia. This business plan is the result of his initial, one month assignment.

Dr. Barton has defined broad concepts that have been used successfully in many countries for the development of Regional Trade. Those concepts have been developed in close consultation with David Kerry, Pragma's Regional Director - Business Advisory Services, who will manage the implementation and assume responsibility for the performance of RTN, with Mark Grubb, Chief of Party, and with other key regional managers. The conclusions reached are the basis for the RTN website and related Trade Support Services described in this Business Plan.

Dr. Barton has created a conceptual design for a website, see Table 1. The Business Plan anticipates further assignments for a trade Information Specialists (ideally Dr. Barton) that will speed the "population" of the site and will create training materials that will introduce and support the service.

**Main Concepts for RTN Services**

A successful RTN requires three major components:

an electronic, user friendly information system, that is easily accessible to users (clients). The main interface to this information system will be an RTN website, which will be augmented by distribution of information on CD-ROM to clients in areas where web access is not available;

an up-to-date, on-line business exchange, or market place, that serves buyers, sellers and possible investors requirements, and promotes specific trade opportunities,

a central RTN management staff, managing a regionally dispersed RTN service provider network that will: collect and input regional information, and

provide “hands-on” training and assistance to help users (clients) to use the data-base facility to market their products, to respond to enquiries and other forms of trade leads, and to develop successful contracts.

### **RTN website**

This will essentially be a website, accessed by a logging-on procedure that will be designed to give open access to non-sensitive trade information and also password protected access to additional information that will be used by staff of Pragma and its local partners. The website will:

post (host and display) marketing information for companies that sign-up for the service and provide their marketing materials in a pre-described format. This section will allow buyers and trade agents to locate potential suppliers and readily access information on their products and trade possibilities;

post purchasing requirements (RFQ's) for companies, allowing sellers and trade agents to locate potential buyers;

post general information related to trade in the various regions served, and provide quick links to and brief details of other existing sites, e.g. the website will be set-up initially and populated with the most useful available data, then further developed over a period of time to provide quick and easy access to the following data:

Country economic data and trade statistics;

Regional market information, studies and reports;

Information on trade related policies, regulations and standards;

Business directories of SME's and trade related commercial service providers, with links to their web sites, online catalogues and other product and services information;

Directories of other support services available to assist SME's (incubator programs, association services, donor programs);

Regional trade opportunities, including listings of products for sale and offers to buy;

Trade promotion events and trade show schedule;

Online training materials for business advisors and their clients;

Directory of trade information service maintained by commercial and non-commercial organizations in other countries and regions (targeted for trade improvement);

Information on local government initiatives in support of regional trade;

Information on regional impediments to trade;

Listing and information on national / regional sources of finance, including both local and donor services, e.g. Foreign Investment Funds, Small Loans Programs, Banks and Credit Unions.

### **Trade Assistance Services (TAS)**

TAS are complimentary to other services in the scope of our program of SME development assistance. TAS will be “hands-on” trade development assistance, to be provided by our local staff, which will help clients to utilize and maximize the benefits of the above RTN website. To maximize and sustain trade, wherever possible the access to the RTN website will also be linked with providing:

- Business Advisory Services (BAS), using both local staff and Senior Volunteer Advisors;
- Services that are currently being developed to introduce Quality Management Systems/ISO 9000 at SME level;
- Access to the US trade development programs, “Global Technology Network” (GTN) and “Bisnis”;
- US based trade support services that can be provided by Senior Volunteer Executives.

Sustainable trade development requires an integrated portfolio of different types of technical assistance, such as is provided under Pragma's program – but unfortunately that portfolio is not to be provided in all regions in which we



want to encourage regional trade. We therefore plan a two level approach that takes into account those circumstances:

Once the RTN website is up and running, staff training will be provided and Trade Assistance Services will be introduced in all regions where there are local Pragma staff working on BAS. TAS will be delivered simultaneously by BAS staff and, where appropriate, their work will be supported by enlisting the services of, and by training local partners to deliver TAS and promote use of the RTN website.

In regions that are not receiving, or are not scheduled to receive BAS, but are already receiving, or are to receive other types of assistance within Pragma's program, we will train and use the available local Pragma and Business Partner's staff to promote the website facility to clients and to help them utilize the facility.

The broad objective of TAS is to promote and maximize trade through the wide use of the above mentioned RTN website facility, to introduce trade assistance services, and to link that assistance with other types of business development services. To achieve that goal, it is envisaged that regional staff (both Pragma and partners' staff) will:-  
Market the website facility regionally and encourage enrollment by as many companies as possible;  
Make client assessments and enroll those clients with the most potential for successful trade to receive TAS (and other services in regions served);

Train clients to use the RTN services for both purchasing and sales purposes;

Integrate TAS and BAS to assist clients to prepare marketing information that will be posted, e.g., to create a standardized short-form (2 sided A4) introductory brochure that can be hosted within the RTN website and posted as the client's web-page, where possible to be supported by product data-sheets, price lists, etc., that can be posted as links from the client's web-page;

Create topical regional "Trade News" that will be posted as a link accessed from Regional Information;

Use the displayed information to identify and introduce potential trade linkages;

Assist clients in developing contracts;

Provide an electronic means for local compiling, storing and broad distribution of trade related information direct to clients, i.e., via e-mail, fax;

Provide technical and language support together with access to computers and internet for client companies that have no other form of access at present;

Distribute information by CD-ROM to client's where internet access is impossible;

Provide technical assistance to clients at trade shows and conferences;

Compile and distribute regional trade reports (results of RTN);

Gain expertise in all inter-regional trade related matters, so as to better advise clients and to form linkages with other organizations with interest and services to offer in trade promotion.

### **Central Asia Regional Trade Network**

#### **1.0 Background**

The SME project addresses USAID's Strategic Objective 1.3 (S.O.1.3), which calls for an improved environment for the growth of small- and medium-sized enterprises and increased opportunities to acquire business information, knowledge and skills (I.R.1.3.1).

The Regional Trade Network, which is one of the six main components of the SME project, will serve as an important vehicle for improving access to business information and training resources for SMEs in Central Asia.

#### **2.0 Objectives and Expected Results**

**Overall Objective** – to improve SME access to business information by mobilizing a network of commercial and non-commercial organizations to develop and deliver trade-related information and marketing services Such services will enable SMEs in the participating countries to plan and execute effective marketing strategies and improve their access to new domestic, regional and international market opportunities.

#### **2.1 Specific purposes**

1. To provide a set of information and training resources to support the various components of the SME project, including business advisory services, developing quality standards and systems, business training, and trade/market development initiatives.
2. To provide a system for delivering information resources to SME clients in both English and Russian.
3. To train SMEs in ways of using ICT tools and applications to access information, use information to conduct market research, develop business plans and marketing strategies, find buyers, and implement marketing and trade development plans.
4. To foster the development of trade related business services and service providers able to use ICT tools effectively to serve client needs.

## **2.2 Benchmarks and Tangible Results**

1. Business plan for the design and management of the RTN and trade information system completed and approved
2. Initial information content for trade information system assembled and reviewed by business advisory team
3. Project staff trained to use and contribute to the development of the trade information system
4. Business partnerships and affiliate relations established with a network of commercial and non-commercial service providers in participating countries.
5. Partner organizations trained in use of trade information system and other project resources.
6. Procedures developed for exchanging information with GTN and taking advantage of GTN program resources and services.
7. Business advisors are using RTN resources to plan and implement marketing campaigns to help SME clients gain access to new regional market opportunities (in specific regions and industries, or with specific buyer groups --i.e. oil companies).
8. Network of business advisors (project staff and partner organizations) using trade information system to assist clients with their trade and market development activities (through conducting information searches, helping clients with market research, marketing plans, and marketing/sales campaigns).
9. SMEs are using the RTN to access business information and advisory services.

## **3.0 Description of the RTN components**

### **The RTN will consist of the following components:**

An information system that captures, organizes, and delivers business information in a user-friendly manner.

A system for delivering information facilitating communications, and stimulating the exchange and sharing of information among the various participants in the network.

Multiple channels – web, e-mail, printed media, etc.

Multiple points of access – business centers, accounting firms, training organizations, internet cafes, etc.

A broad-based network of partners and affiliates involved in contributing content, providing information services, using information to support trade and market development initiatives, advertising and promoting the flow of information and services through the RTN.

A systematic training program to train project staff, business partners, and clients in ways of using RTN resources to support SME marketing and trade development activities.

A practical business model to guide the implementation of the RTN to ensure that it evolves into a viable service for delivering trade-related information and business services on a financially sustainable basis.

### 3.1 Information Resources

The RTN website will provide a well-organized set of information resources that can be used by project staff, other business service providers, and SME clients to plan and implement marketing and trade development initiatives.

[Table I](#) illustrates the types of information resources that will be accessible through the RTN website.

#### 3.1.1 Information system requirements

The initial version of the RTN website will consist of the following elements:

The **RTN portal** which will provide users with a convenient means of accessing RTN information resources, the marketplace, training resources, the company data base, and other elements.

**Hierarchical directories** or guides to topical information resources

**Static web pages** containing annotated references and links to relevant information resources

A **data base of companies** that offers different levels of access to company information, particularly for client companies that register with and agree to participate in the RTN program.

A **search engine** capable of conducting key word and text searches to locate information contained in the RTN website.

The **RTN marketplace**, which initially will consist of a bulletin board where participating companies can post offers to buy and sell products.

A **registration wizard** and **password management** system

The initial version of the RTN website will be relatively easy to develop, manage, and use. The training requirements for system managers, staff, and clients will be straightforward and not particularly time consuming. The information content and data bases that will be developed in this initial phase will be in formats that can be easily incorporated into more advanced system components that will be developed during subsequent phases.

The principal emphasis during this first phase will be on developing information content that is useful to SME business advisors and the other members of the project's service delivery network. Staff from the SME project and its core set of business partners will be trained in techniques for developing, managing, and using GTN information resources to improve the delivery of services to SME clients.

During the second phase of developing the RTN (year 2), additional data base functions, content management tools, and exchange features will be added that will make it possible to manage a more elaborate set of information resources, functions, and services that will be delivered through the RTN.

Static web pages will be converted to active server pages using data base driven content management tools.

New tools will be added for conducting and managing online business transactions through the RTN marketplace.

Tools and templates to assist clients in developing websites, online catalogs, or product showcases will be added.

The RTN management team will evaluate the need to upgrade the core data base to a more powerful relational data base.

During this second phase, the RTN will be upgraded to help support a broader network of business partners and service providers. It will begin to function as a B2B marketplace, in addition to serving as a vital source of business information and market intelligence.

By year 3, the RTN will be functioning as a major information and trade portal for the Central Asia region. In addition to continuing to develop the information and marketing services of the RTN, the project team will focus on forming various types of business partnerships with members of the business service providers network involved in the RTN. These business partnerships will serve to expand the array of information services available to SMEs and ensure that RTN support will continue on a financially sustainable basis after project funding ends.

### 3.1.2 Plan for developing the initial set of information resources

**English language resources**-- As part of the initial design efforts, the RTN consultant will develop the basic structure for the information system and a basic set of English language information resources. Additional consulting support from a U.S. consultant familiar with trade-related information available on the Internet will be required to assist the RTN manager and SME project staff in assembling the initial English language content. This task should will require approximately three-four weeks to complete.

**Russian language resources**-- One or more local staff members assigned to the SME project should be assigned responsibilities for searching for and organizing relevant Russian language information resources. The RTN Manager and the U.S. Regional Trade Advisor will train the local staff in search techniques and procedures for organizing and publishing information on the RTN website.

### 3.2 The RTN delivery system

RTN services, including information, training, and e-commerce support, will be accessible through a variety of channels. Core services will be web-based, and therefore can be used by anyone with Internet access. However, since most SMEs in the Central Asia region are not likely to have individual Internet access in the near term, it will be necessary to develop a delivery system that will make RTN services more readily available to SME clients and promote client use of the system and its various services. To supplement the online system, the RTN team will make RTN resources available on CD-ROM and printed formats.

Some of the channels that will be developed to deliver RTN services include the following:

Pragma offices and local partners involved in the SME project

Business centers and project offices maintained by other development programs

Business schools and training centers

Business associations

Business service providers such as accounting firms, law firms, transportation companies, and consulting firms

Financial institutions serving SME customers

Internet and e-business service providers, including Internet cafes, e-commerce consulting companies, etc.

Not all of these channel members will provide the full range of RTN services. Business advisory services supported by the SME project will offer full access to RTN information resources, training programs to help clients use RTN information resources, tools, and e-commerce services, and personal assistance from business advisors to identify and pursue trade opportunities. Other channel members will offer selected RTN services, such as e-commerce training, and perhaps trade advisory services, in addition to information services. In other cases, firms and organizations serving as RTN partners or affiliates may simply advertise and provide access to RTN information services.

### 3.3 Developing the network of partners and affiliates

Hold workshops for associations, training centers, and other business service providers to explain and promote the RTN

Work out agreements for exchanging information and developing content

Begin with existing business partners, slowly expand the network

Begin efforts to identify and enlist members of the partnership immediately.

### 3.4 The training plan

#### 3.4.1 In-house training sessions for project staff

The RTN management team will develop and conduct training programs for the business advisors and other SME project staff. These training programs will include modules on the following topics:

Internet basics -- using email, searching for information, organizing information resources

Trade related information on the Internet -- how to find it, organize it, and contribute to RTN content development

Using RTN resources to help clients conduct market research and develop marketing plans and business plans

Helping clients develop e-commerce capabilities

Using the RTN to facilitate trade transactions.

#### **3.4.2 Training sessions for business partners**

Training programs will also be conducted for RTN business partners (associations, training institutions, business centers, other SME programs and business service providers, etc.) Training for RTN business partners will include workshops on Internet basics, overviews of RTN resources and services, using the Internet to identify and exploit new market opportunities, and e-commerce strategies for SMEs. Training modules on these topics should also be included in the business short courses offered by the SME project.

#### **3.4.3 Training modules for clients**

After completing the in-house RTN training sessions, the project's business advisors should be prepared to deliver training on the same range of topics to groups of business clients. Where feasible, such training programs should be conducted in conjunction with the SME project's network of strategic partners.

#### **3.4.4 Online training modules**

The course materials that are used for the various training programs listed above should be developed in formats that would allow them to be made available online through the RTN website in both Russian and English. Online materials will serve the needs of trainers and business advisors as well as companies that have the means to access them directly.

### **3.5 The RTN business model**

Initially, information, training, and e-commerce services will be provided without charge by the SME project's business advisory centers

A system of fees for services will need to be developed in conjunction with the development of the partnership network -- partners should be able to recoup costs associated with supplying RTN services

The RTN management team should develop a business plan during year two that lays out a strategy for partnering with other service providers and operating the RTN on a financially sustainable basis.

## **4.0 Management Plan**

### **The RTN Working Group:**

The RTN will be managed as one of the core services under the SME project. However, it should not be viewed as a stand-alone service, but rather as a set of services that are integrally linked to and support the other project activities.

To ensure that the RTN is integrated fully into other SME project activities, the SME COP should designate team members to participate in a **RTN working group**. This working group will be chaired by the SME COP. Members of each of the other activity teams should appoint a representative to serve as a member of the working group. The working group will oversee the development of the RTN and ensure that relevant information content and business intelligence generated through other project activities are incorporated into the RTN information system. The working group should ensure that

Business assessment forms are standardized and incorporated into the RTN company data base

Information from various sources and activities is captured by the system

The system is practical, useable, a benefit to users -- not a burden.

In the initial design phase, the RTN working group will consist of representatives of the SME activity teams. Each of the SME activity teams should understand at the outset what their roles and responsibilities will be with respect to the development and maintenance of the RTN.

Once the objectives and structure of the RTN are better defined, the working group should be expanded to include representatives from potential RTN partner organizations.

### **The RTN Management Team**

The core management team for the RTN will consist of the following positions

**The RTN Director** -- The Regional Director for Business Advisory Services will serve as the acting director for the RTN. This will ensure that RTN services are closely coordinated with the other client-focused business services of the SME project.

**The RTN Manager** -- The RTN Manager will oversee the day-to-day management and development of the RTN. The RTN Manager will coordinate the efforts of the technical team and outside consultants who will help develop the RTN information system, e-commerce platform, information content, training programs, and services. The RTN Manager will also be responsible for ensuring that the RTN is closely coordinated with all other SME project activities, as well as regional and international trade promotion activities involving the SMEs in the Central Asia region.

The RTN Manager will be supported by a local Information Systems Specialist who will be serve as the associate webmaster, with prime responsibilities for developing and managing Russian language content.

**The RTN technical team** will be drawn mainly from existing project and contractor staff and will include specialists in data base design, web programming, systems design, and graphics design. In the event that additional specialized skills are needed, the project will subcontract with local companies to obtain other technical services that may be required to support the development of the RTN platform and delivery system.

### **RTN /BAS Staff**

All of the SME business advisors should be trained to serve jointly as RTN advisors. In addition, all SME project staff should be involved in using and supporting the development of the information system and its related services. Local professionals serving as business advisors will be expected to contribute to the development of Russian language content for the RTN.

### **5.0 Monitoring and Evaluation**

Performance benchmarks and indicators:

| Benchmark  | Indicator   |
|--|---|
| New RTN website developed and providing useful trade-related business information to business advisors, service providers, and SMEs  | analyses of website content and web traffic                             |
| A network of business advisors and partner organizations trained to use RTN information services and resources to assist SME clients | number of participants trained  |
| Business advisors and partner organizations using RTN services to assist SME clients with trade and business development initiatives | # of clients assisted using RTN resources (from client surveys)         |
| Business partnerships developed with local service providers to promote and use RTN services   | partnership agreements signed; joint service programs being implemented |
| Business partnerships developed with international service providers   | partnership agreements signed; joint                                    |

|   |                                       |
|---|---------------------------------------|
| (including GTN) to link the RTN with other trade-related services                             | service programs being implemented    |
| Client companies receiving information bulletins via newsletters and e-mail                   | number of companies                   |
| SMEs opting to sign up for and use RTN services   | number of registered users            |
| SMEs trained to use information services  | # of companies trained                |
| SMEs using RTN to access business information   | analysis of web traffic               |
| Clients are publishing trade leads on RTN -- offers to buy and sell                           | # of trade leads posted               |
| RTN resources are helping companies develop new business relationships and generate new sales | success stories reported by BAS teams |

### 6.0 Implementation Plan and Schedule (Year 1)

| Tasks  | who                                | start date | end date |
|--|------------------------------------|------------|----------|
| <b>Planning/Design</b>   |                                    |            |          |
| Initial design of RTN completed  | consultant                         | 9/24       | 10/19    |
| Design reviewed and approved   | RTN director, COP, CTO             | 10/19      | 10/30    |
| Staff assignments made   | RTN director                       | 10/10      | 11/30    |
| New staff recruited  | RTN director                       | 10/19      | 11/30    |
| Domain name registered and hosting service selected  | consultant                         | 10/18      | 10/18    |
| <b>Site Design/Systems Development</b>   |                                    |            |          |
| Website graphics and layout completed  | RTN manager, IT team               | 10/19      | 11/30    |
| Forms for company information profiles developed   | RTN manager, IT team               | 10/19      | 11/30    |
| Registration wizard developed  | RTN manager, IT team               | 10/19      | 11/30    |
| Log on system developed  | RTN manager, IT team               | 10/19      | 11/30    |
| Bulletin board for trade opportunities developed   | RTN manager, IT team               | 10/19      | 11/30    |
| <b>Content Development</b>   |                                    |            |          |
| Initial English language content organized and published on website  | RTN manager, US consultant         | 10/12      | 12/30    |
| Initial Russian language content organized and published on website  | RTN Manager, IS Officer, BAS staff | 10/12      | 12/30    |
| Staff assignments made and being carried out for ongoing development of website content and information services | RTN manager                        | 12/14      | 2004     |
| <b>Training</b>  |                                    |            |          |

|   |   |          |          |
|---|---|----------|----------|
| Staff training modules developed                                  | RTN manager, consultant                 | 1/02/02  | 1/30/02  |
| Staff trained in use of RTN resources                             | RTN manager, consultant                 | 1/25/02  | ongoing  |
| Training modules for business partners developed                  | RTN manager, consultant                 | 1/02/02  | 1/31     |
| Training programs for business partners implemented               | RTN manager, BAS staff                  | 2/15/02  | ongoing  |
| Training modules for clients developed                            | RTN manager, consultant                 | 1/02/02  | 1/31     |
| Training programs for clients being conducted                     | RTN manager, BAS staff                  | 2/15     | ongoing  |
| <b>Marketing/Promotion</b>  |   |          |          |
| marketing/promotion plan developed                                | RTN manager, consultant                 | 11/01    | 12/30    |
| marketing plan being implemented                                  | RTN manager, BAS staff                  | 1/02/02  | ongoing  |
| <b>Monitoring and Evaluation of RTN Performance</b>               |   |          |          |
| M&E plan developed  | RTN director & manager                  | 11/01    | 12/30    |
| six month performance review and recommendations                  | RTN working group, director, consultant | 5/01/02  | 5/30/02  |
| one year performance review and development of year two work plan | RTN working group, director, consultant | 11/01/02 | 11/25/02 |
|   |   |          |          |





## REGIONAL TRADE NETWORK

[REGIONAL](#)



**Buy**

[Shop for supplies & services](#)

PRODUCT SEARCH

SUPPLIER SEARCH

[BUSINESS SERVICES & SUPPORT](#)



**Sell**



 Sell your products & services

 Check for sales leads



**BISNIS**  
Business Information Service for the Newly Independent States



[SITE MAP](#)



# Central Asia Regional Trade Network



## Site Map

## Information Resources

### Country and Regional Information

| Regional Data  | Country Data -- Kazakhstan   | Country Data -- Kyrgyzstan   |
|--|--|--|
| <a href="#">General information &amp; News</a><br>Economic studies<br>Trade data and statistics<br>Industry data | General information<br>Economic studies<br>Trade statistics<br>Trade policies and regulations<br>Industry data | General information<br>Economic studies<br>Trade statistics<br>Trade policies and regulations<br>Industry data |
| Country Data -- Turkmenistan   | Country Data -- Uzbekistan   | Country Data -- Tajikistan   |
| General information<br>Economic studies<br>Trade statistics<br>Trade policies and regulations<br>Industry data   | General information<br>Economic studies<br>Trade statistics<br>Trade policies and regulations<br>Industry data | General information<br>Economic studies<br>Trade statistics<br>Trade policies and regulations<br>Industry data |
|  | <b>Market Opportunities</b>  |  |
| <b>Sub-contracting Opportunities</b>   | <b>Regional Trade Opportunities</b>  | <b>International Trade Opportunities</b>   |

|                                      |   |   |
|--------------------------------------|---|---|
| market overview                      | market overview                             | market overview                           |
| product information/specs            | product information/specs                   | product information/specs                 |
| vendor requirements/procedures       | vendor requirements/procedures              | vendor requirements/procedures            |
| buyer contacts                       | buyer contacts                              | buyer contacts                            |
| RFQs, offers to buy                  | RFQs, offers to buy                         | RFQs, offers to buy                       |
|                                      |   | International B2B exchanges               |
|                                      | <b>Suppliers</b>                            |   |
| <b>Regional Business Directories</b> | <b>Regional Suppliers Data Base</b>         | <b>U.S. &amp; International Suppliers</b> |
|                                      |   | GTN database                              |
|                                      |   | Association directories                   |
|                                      |   | Suppliers directories                     |
|                                      |   | Industry marketplaces                     |
|                                      |   |   |
| <b>The RTN Marketplace</b>           |   |   |
| <b>Sell Your Products</b>            |   | <b>Find Suppliers</b>                     |
| Company listing/basic profile        |   | Product search                            |
| Basic company website                |   | Company search                            |
| Private supplier catalog             |   | Country search                            |
| Company marketing website            |   |   |
|                                      |   |   |
| <b>RTN Participants</b>              |   |   |
| <b>RTN Locations in Region</b>       | <b>RTN Regional Partners and Affiliates</b> | <b>Int'l Partners and Affiliates</b>      |

|              |                       |  |
|--------------|-----------------------|--|
| Kazakhstan   | Associations          |  |
| Kyrgyzstan   | Training institutions |  |
| Tajikistan   | Consulting firms      |  |
| Turkmenistan |                       |  |
| Uzbekistan   |                       |  |

| Trade and Business Development Services   |                           |                                |
|---|---------------------------|--------------------------------|
| Regional SME & Trade Development Services | Financial Services        | (Commercial) Business Services |
| SME project services                      |                           |                                |
| Donor programs                            |                           |                                |
| Trade Shows & Marketing Events            | Online Training Resources | e-Marketing Resources          |
| Local and national events                 |                           |                                |
| Regional events                           |                           |                                |
| International events                      |                           |                                |

| Association Development Resources | SME Development Resources | International Trade Resources |
|-----------------------------------|---------------------------|-------------------------------|
| Association Management Resources  |                           | Trade Information Services    |
| Publications                      |                           | Government Information        |
| Conferences                       |                           | Trade Policies & Regulations  |
| Training                          |                           | Trade leads                   |
| Guides to Non-profit resources    |                           | Trade shows                   |
| Fundraising                       |                           |                               |
| Revenue Generation Strategies     |                           |                               |
| Technology for Non-               |                           |                               |

|  |   |  |
|--|---|--|
| profits  |   |  |
|  |   |  |
| <b>Site Development Plan</b>                             | <b>Business Advisory Resources</b>  | <b>Archives</b>  |
| Business plan<br>Web publishing guidelines<br>To do list | Training materials<br>Business Planning<br>Marketing Plans<br>Market Research Resources | Project documents<br>Consultant reports<br><a href="#">Bookmarks</a> |
|  |   |  |

### SOW

#### Implementation of the RTN Business Plan: Developing the Website Structure and Initial Set of Information Resources

##### Objective of Assignment:

The consultant will help implement the RTN business plan by developing and publishing an initial set of information resources on the Regional Trade Network website.

##### Tasks:

1. Based on feedback from SME staff and managers regarding priorities for the initial information content for the RTN website, develop a revised site map describing the structure and categories of information resources that will be included in the RTN website.
2. Edit the index page for the RTN website so that it provides an effective guide to RTN information resources, services, and network members.
3. Work with the RTN manager to develop a format for the topical guides that will be used to organize and present information on the various information categories to be included in the initial version of the RTN.
4. Develop content management and publishing guidelines for the RTN website
5. Work with the RTN manager and project staff to produce and publish an initial set of English language resources on the RTN website. These resources will primarily consist of topical guides to web-based information resources, with short description of and links to the best sources of regional business information, international trade resources, training resources, and other priority topics.

##### Deliverables:

1. Revised site map

2. Revised index page for website
3. Templates for topical guides for the various categories of information and resources to be included in the website
4. Content management and publishing guidelines
5. An initial set of English language information resources published on the website

**Schedule:**

Work on this assignment will begin on October 21st and will be completed by December 30, 2001.

**Location of Assignment:**

The consultant will carry out this work in the U.S. and communicate with SME project management and staff via email and materials published on the RTN website. Conducting the work in the U.S. will enable the consultant to take advantage of high speed Internet connections. This, combined with savings in travel and per diem, will result in significant cost savings to the project.

**SOW**

**Implementation of the RTN Business Plan:  
Developing the Website Structure and Initial Set of Information Resources**

**Objective of Assignment:**

To develop training materials and implement training plans for SME staff, business partners, and clients.

**Tasks:**

1. Develop training modules for the various training programs described in the RTN business plan (training for SME project staff, training for business partners, and training for clients). Training modules should be prepared so they can be delivered in short workshops (1/2 to one day sessions). The training modules should cover the following topics:

Internet basics -- using email, searching for information, organizing information resources

Trade related information on the Internet -- how to find it, organize it, and contribute to RTN content development

Using RTN resources to help clients conduct market research and develop marketing plans and business plans

Helping clients develop e-commerce capabilities

Using the RTN to facilitate trade transactions.

2. Prepare online versions of the training materials (in English) and publish them on the RTN website as part of the information and training resources that will be made available to RTN staff, partners, and clients.

3. Conduct training sessions for SME project staff in Almaty (and possibly other SME project locations). These training sessions will cover the five topics listed above.

**Deliverables:**

1. Five training modules covering the topics listed in Task 1 in formats that will allow them to be used for short workshops as well as delivered online.

2. Training sessions conducted with SME project staff (particularly the SME business advisors) in Almaty and other project locations.

**Schedule:**

Work on this assignment will begin on January 2, 2002 and will be completed by February 15, 2002.

**Location of assignment:**

The consultant will develop the training modules in the U.S. prior to traveling to Central Asia.

The training for SME project staff will be carried out in Almaty and possibly other SME offices in Central Asia.



**ATTACHMENT 8**

**SME DEVELOPMENT PROJECT, ANNUAL REPORT 2000-2001**

Will be sent directly to offerors upon request, this is currently available as a readable PDF file only, though USAID is in the process of converting it to a rich text or MS Word file.

## ATTACHMENT 9

## SOW TRADE &amp; INVESTMENT PROJECT

## Statement of Work

*Trade & Investment Project***I. Summary**

In its new strategy, USAID/CAR's goal is to expand opportunities for the citizens of the new nations of Central Asia to participate in improving their governance, their livelihoods, and their quality of life. To help accomplish this goal, this proposed SME Trade and Investment (SMETI) activity will be implemented under USAID/CAR's Strategic Objective (SO) 1.3, which calls *for an improved environment for the growth of small- and medium-sized enterprises*. In particular, it will support Intermediate Result 1.3.3, which calls *for increased implementation of laws and regulations*. This activity breaks new ground to improve the trade and investment environment for small and medium-sized enterprises.

The SME Trade and Investment Scope of Work (SOW) describes a two-year technical assistance intervention, with three one-year options to extend. The project builds on several existing activities in Kazakhstan and Kyrgyzstan, while increasing the focus of reforms at the SME level. This scope of work describes: a) the structure of the SME Trade and Investment activity; b) the current status of the SME Trade and Investment environment; c) USAID/CAR's prior achievements within that environment; and d) benchmarks for each component of the proposed activity.

The SME Trade and Investment activity will consist of three components: (1) removal of investment constraints; (2) WTO support; and (3) Customs support. The removal of investment constraints component will reduce the burden of government regulations, improve the procedures for initiating, drafting, reviewing and enforcing regulations, and promote citizen, association, and business participation in the regulatory process. In addition, it will provide training, to disseminate information and knowledge among SMEs and local government officials. The WTO component will continue to support WTO accession and post-accession by helping each country fulfill the requirements necessary to gain and maintain compliance with WTO standards. The Customs component will continue to provide assistance in the development and implementation of customs modernization plans in each country. In addition, the Customs component will seek to bring about the further simplification of customs regulations, and closer coordination between tax and customs authorities within and between both countries. Both the WTO and Customs components will help stimulate cross-border trade in the region.

The components will commence at staggered intervals. At the completion of the Customs and WTO-support activities, the SMETI activity will provide assistance in these areas. Likewise, at the completion of the two similar investment constraint activities in Kazakhstan and Kyrgyzstan, the SMETI activity will deliver such assistance.

**SME Trade and Investment Activity Components:**

**Removal of Investment Constraints:** Work on removing investment constraints that impede operations and growth of businesses. At the national level, efforts will focus on drafting and implementation of laws that remove constraints to SME trade and investment, and facilitate business growth. At the local level, the activity will focus greater effort on dissemination, adoption and implementation of those laws in selected oblasts in each nation. The component will also promote increased dialogue and information sharing between local governments and businesses, and educate members of both the government and the private sector on the constraints to SME trade and investment.

**WTO:** Provide WTO support in both republics. In Kazakhstan, this component will assist the government with the accession process. In Kyrgyzstan the project will provide support to the government on post-WTO accession to ensure that the WTO obligations are fulfilled. The activity will gradually phase out assistance on WTO accession in Kyrgyzstan while training locals to carry on with WTO compliance issues. This component will stimulate cross-border trade in the region.

**Customs:** Reform customs procedures and administration in Kazakhstan and Kyrgyzstan. Develop cooperation and coordination between tax and customs authorities within and between the two countries. This project will continue to assist both governments to join and implement the Revised Kyoto Convention (RKC) that sets international customs standards and procedures, and to implement customs modernization plans. Such support may be provided in the context of the newly created Eurasian Economic Community (EEC). This was previously called a Customs Union. Kazakhstan, Kyrgyzstan, Tajikistan, Russia, and Belarus are members. Like the WTO component, this component will also stimulate cross-border trade in the region.

The project will have the following specific objectives in Kazakhstan and Kyrgyzstan:

To cultivate “grass roots” participation of business, legal and other professional associations in regulatory reform efforts and build demand for regulatory reform among these groups and other private sector participants.

To encourage legislative processes and lawmaking which decrease the regulatory burden and reduce the “rent seeking” behavior of government officials that businesses face.

To help appropriate government agencies effectively, consistently and transparently implement market-oriented changes reflected in new regulations and laws.

To educate local level officials and entrepreneurs on existing laws that limit SME trade and investment and regarding the need to enforce these laws.

To assist in accession and post-accession WTO compliance issues in Kazakhstan and Kyrgyzstan, respectively.

To assist in the development and implementation of customs modernization plans, and to foster coordination and cooperation between customs and tax authorities within and between Kazakhstan and Kyrgyzstan.

In conjunction with these objectives, this USAID/CAR activity seeks to accelerate the attainment of the new Strategy goals by focusing on Mission-defined cross cutting issues: reduction of corrupt practices, gender bias, and potential for civil conflict. Specifically, this SME Trade and Investment activity will help to reduce corrupt practices by improving the legal and regulatory environment for trade and investment.

## **II. Background**

Kazakhstan and Kyrgyzstan have much to gain by increased access to domestic and foreign investment. However, the current business environment discourages investment and severely limits the development of the SME environment. In both nations, investors are saddled with out-of-date technical demands, harried by rent-seeking officials and faced with a multitude of nontransparent and duplicative regulatory requirements.

The absence of impartial, rule-based procedures and reliable protection of law, including dispute resolution systems that enjoy public confidence, keeps legitimate investors, especially SMEs, unable to accurately assess business risks and constantly on the defensive against overzealous officials. Furthermore, the lack of written, uniform and transparent rules and procedures encourages systemic predatory bureaucratic behavior against legitimate investors.<sup>4</sup>

As a result, foreign investment and local investment (excepting the natural resource sector in Kazakhstan) has failed to materialize at anticipated levels. These disappointments can be attributed to the failure at the local and national levels to adopt, implement and enforce policy reforms. While national policy makers and legislators are making significant strides towards improving the legal landscape for investors, the implementation of laws and policies at the local level ranges from inconsistent application to more blatant disregard. In particular, investors face extreme uncertainty in the implementation of laws and regulations relating to business licensing, site approvals, and expatriate work permits and customs controls.<sup>5</sup> Such uncertainty deters investment in new SMEs and results in increased operating costs for existing SMEs.

### **A. Legal and Regulatory Reform**

In September 2000, USAID/CAR began a new activity that works on removal of investment constraints in Kazakhstan (RICK) in three select oblasts of the republic. Because the activity has just recently begun, there are no deliverables to report.

Similarly, in Kyrgyzstan USAID/CAR has sought to improve policymaking and increase the transparency of the regulatory process through its Regulatory Reform Project. The activity has focused on the following principal elements affecting the business climate and

<sup>4</sup> The Services Group "The Investor Roadmap for South Kazakhstan Oblast," March 2000.

<sup>5</sup> The Services Group "The Investor Roadmap for South Kazakhstan Oblast," March 2000.

investment regime: business registration; licensing; inspections; and standards and certifications. In addition, surveys have been conducted to determine some of the key regulatory problems that impede development of businesses. USAID assistance in Kyrgyzstan also included the development of a system of commercial legislation designed to support private business; writing land legislation; training government personnel in establishing and enforcing policies; implementing regulations; and reducing regulatory burdens.

The current Regulatory Reform Project in Kyrgyzstan has:

Completed an inventory of licenses and sublicenses and all licensing-issuing agencies;

Gathered and studied all normative acts, draft normative acts and proposals pertaining to licensing;

Prepared comments to the draft Law on Licensing and distributed them to governmental and non-governmental groups;

Began a survey of licensing and permitting agencies to determine their individual procedures, requirements and costs;

Prepared recommendations for improving inspection procedures and government regulations on inspections and distributed them to governmental and non-governmental groups;

Determined which governmental authorities currently have the right to inspect enterprises;

Prepared a questionnaire for a proposed survey of inspecting authorities to determine the extent of their inspecting rights and procedures;

Identified major institutional conflicts of interest and began evaluating their impact and identifying ways of eliminating such conflicts.

Identified local partner groups, both governmental and non-governmental, establishing good working relationships with them.

Evaluated the capacity of local partner groups to understand regulatory issues and undertake meaningful reforms and identified their particular needs.

Identified the key regulatory issues and the current status of reforms, and how the project should best focus its efforts in the short term.

#### *B. WTO Support*

USAID has provided WTO assistance to the governments of Kazakhstan and Kyrgyzstan since late 1995. The goal of this assistance has been the adoption of key legal and regulatory reforms necessary to support the development of a market-friendly environment for trade and investment, and the attainment of full membership in the WTO. Kyrgyzstan joined the WTO in 1998, while Kazakhstan continues to make progress to this end.

The USAID Trade & Investment Project worked closely with both governments in identifying and preparing legal, regulatory, administrative, and procedural changes in order to ensure compliance with WTO principles and agreements. These included: amendments to the Customs Code and intellectual property-related legislation; enactment of dumping and procurement legislation; establishment of inquiry points; and changes in the fee structures for all trade-related transactions.

In addition to assistance regarding WTO accession, the Trade and Investment Project has helped both governments liberalize their respective trade policies. In Kazakhstan, this is evidenced by an increase in products exempt from import duties and export tariffs, a reduction in the trade-weighted average import tariff rate and the elimination of double registration for exports. In Kyrgyzstan, the government eliminated export duties last year and abandoned export registration the previous year. Both countries have largely eliminated quantitative restrictions and most non-tariff barriers to trade.

In Kazakhstan, the following has been accomplished in the WTO area:

Submission of the Memorandum on Foreign Trade Regime.

Engagement in three multi-lateral negotiations.

Engagement in two rounds of bilateral negotiations.

Response to four rounds of questions from WTO members.

Initial submission of the Offer on Goods to the WTO Secretariat on 5 June 1998.

Initial submission of the Offer on Services in September 1998.

Assistance to the Government in revising its Offers on Goods and Services in 1999-2000.

Submission of the current Offer on Goods in April 2000.

Submission of the current Offer on Services in November 1999.

Education of officials regarding the Agreement of Agriculture.

Technical assistance in creating tables detailing agricultural export subsidies and domestic support and drafting explanatory notes.

Submission of ACC4 in April 2000.

Submission of an updated list of excisable goods and excise rates.

Training of government officials about the WTO, the accession process and the consequences of WTO membership.

Advice in revision or creation of laws and regulations necessary to conform to WTO principles and agreements.

Assistance in exchange of information between the WTO Secretariat and the Government.

Assistance in implementing measures to improve the legal regime and make it compliant with WTO requirements, including TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights).

Assistance in implementing the laws on anti-dumping, safeguards, and on subsidies and countervailing measures.

Assistance in drafting the laws on standardization and on certification.

Assistance and development of a new law on government procurement and implementing regulations.

In Kyrgyzstan, WTO-related assistance has included:

Submission of the Memorandum on the Foreign Trade Regime.

Training of officials on WTO notification requirements, WTO dispute settlement system, and the benefits of the WTO system for businesses.

Assistance and development of a new law on government procurement and implementing regulations.

Establishment of a WTO Library/Research Center.

Assistance in preparation for multi-lateral and bilateral negotiations.

Preparation of responses to questions from WTO members.

Advice in revision or creation of laws and regulations necessary to conform to WTO principles and agreements.

Assistance in exchange of information between the WTO Secretariat and the Government.

Assistance in drafting notifications to WTO on the status of compliance with previous commitments.

Continuing advice concerning legislation and other government actions, especially regarding their compliance with WTO requirements.

Establishment of an inter-ministerial body to coordinate and implement review of legislation and other government actions in light of the Kyrgyz Republic's WTO-related obligations.

Organization and distribution of WTO documents forwarded from Geneva for the Ministry of Trade and Industry.

WTO notification and reporting assistance (handbooks and training).

Organization of participation in the November 1999 WTO Ministerial Meeting in Seattle and in select meetings in Washington in November 1999.

### *C. Customs Support*

A large part of current technical assistance in the area of customs focuses on issues of trade facilitation, revenue collection, and border protection. The USAID Trade & Investment Project has performed a detailed analysis of the Customs Code and related legislation in both countries, and has been assisting the Customs Committees of both countries, in close association with the local business communities. The project is also working to bring local customs regulations into compliance with international standards established at the Revised Kyoto Convention (RKC).

Until recently, USAID was the only international donor organization providing full-time, in country customs advisors to these countries. Limited, short-term technical assistance in customs reform is provided by U.S. Customs, the World Bank, International Monetary Fund, and TACIS.

The following lists outline accomplishments in Kazakhstan and Kyrgyzstan in the area of Customs support:

#### **In Kazakhstan:**

Passage of a revised Customs Code that is largely WTO-compliant.

Development of an Internet web page in cooperation with the American Chamber of Commerce.

Development of a more liberalized Temporary Storage regulation.

Reduction of the maximum period for customs clearance from 3 days to 1 day.

Initiation of an anti-corruption program within State Customs, including establishment of a “hot line” for reporting corruption.

Expanded use of pre-arrival declarations.

Establishment of a formal consultative body from the trade community that meets with State Customs to review proposed changes in customs regulations, laws, and procedures.

Initiation of public information seminars to facilitate trade.

A series of public information seminars to assist in the growth and development of the private sector has been held. The topics for these seminars included customs valuation principles, merchandise classification, origin rules, appeals and importer rights.

Initiation of a review for conformity to the international customs standards of the Revised Kyoto Convention.

Development of a draft modernization plan.

### **In Kyrgyzstan:**

Customs policies, regulations and Customs Code have been reviewed for compliance with the Revised Kyoto Convention.

Initiation of cross-functional training of State Customs and State Tax Inspectorates to permit them to conduct combined audits to reduce revenue leakage and, at the same time, reduce administrative burden. The purpose of this training was to improve cooperation and coordination between the two agencies.

Reduction of revenue leakage resulting from misapplication of Free Trade Zone regimes.

Initiation of the use of customs brokers.

Initiation of a formalized "on-the-job" training program.

Provision of draft regulations for Advanced Rulings and Record Keeping Requirements.

Assistance to State Customs in joining the World Customs Organization.

Preparation of the public outreach program and public information seminars, which have included trade topics on customs procedures and international standards.

Development of cooperation and coordination between the trade community and State Customs.

Development of the “task force” concept for combined activities of State Customs and Tax authorities.

Promotion of an automated system for State Customs processing using the UNCTAD ASYCUDA System.

## **III. Project Description**

### **A. Removal of Investment Constraints Component**

The upcoming activity will blend the current removal of investment constraint activities in Kazakhstan and Kyrgyzstan into a single component. The contractor will concentrate on several key regulatory reform issues. These key issues are: reducing the number of licenses and permits required to conduct business activities and simplifying the regulations and procedures governing SME activities (including site procurement and development); reducing the number, frequency and duration of inspections; and increasing the transparency of the regulatory process.

The proposed activity will include work at both the national and local levels. Specifically, at the national level, the contractor will conduct a survey to identify existing constraints on investment and help each government draft, adopt and implement liberalized, transparent laws and regulations that encourage investment and growth of SMEs. In at least seven selected oblasts (four in Kazakhstan and three in Kyrgyzstan), the contractor will identify local level investment constraints, and help build local demand for the reform and improvement of the SME environment. The contractor will work with selected local governments in both countries to adopt and implement appropriate regulations.

In order to fully understand existing investment constraints and the current capacity for reform, the contractor must possess a thorough knowledge and understanding of the procedures required to start and run a business in Kazakhstan and Kyrgyzstan. While taking into account the scope of relevant information available from current and previous USAID-sponsored projects (see attachments to Section J), and the extent of the contractor's current knowledge of laws and regulations in the two countries, in order to acquire the necessary knowledge base, the contractor may need to conduct an assessment of existing procedures for:

obtaining investor visas and expatriate work permits and hiring local labor;  
 finding and buying land, developing a site and complying with environmental regulations;  
 registering a company, registering to pay taxes, obtaining sectoral and business licensing, acquiring incentives; and  
 importing and exporting, expatriating profits, and acquiring foreign exchange.

After investment constraints at the national and local levels have been identified, the contractor will implement a technical assistance program that fosters regulatory and procedural reforms that encourage and facilitate investment. The goal of such reforms is to improve the operating environment for SMEs by reducing the number and complexity of current regulations and procedures. The contractor will promote the adoption and implementation of laws and regulations that encourage investment in SMEs. Expected results of this portion of the activity include the fundamental restructuring of specific governmental agencies into more service-oriented, "investor friendly", results-driven organizations. The work plan will focus on designing and implementing a program of administrative reform that will both allow and encourage government organizations to better respond to the needs of small businesses.

The increased flow of information to private enterprises and business associations is essential to the effectual removal of investment constraints. Therefore, the contractor will provide training and prepare and present workshops concerning constraints on SME trade and investment. These workshops will examine the status of national and local level reform activities, promote cooperation and discussion among SMEs, and stimulate demand for reform. Furthermore, the contractor will formulate a strategy for the promotion of increased dialogue between local governments, business associations, and entrepreneurs.

Although expatriate consultants will provide substantial technical assistance, it is envisioned that the contractor may utilize some combination of locally hired American employees and/or volunteers to compliment and leverage the effectiveness of expatriate consultant services. Former graduate student volunteers (GSVs) and former Peace Corps volunteers still living in the region, and others, may be hired by the contractor in the category of "locally hired Americans" (LHAs). To the extent such persons are available for employment, the contractor is expected to utilize employees from the above lower-cost employee categories to establish an expatriate presence in the selected oblasts.

**Following is a list of the benchmarks for the Legal and Regulatory component:**

*Benchmarks: Legal and Regulatory Component*

Within thirty days of the effective date, develop and deliver a work plan which proposes a specific time frame for (a) acquiring the requisite knowledge base of existing investment constraints (see Benchmark No. 3) and (b) preparation and submission of a further work plan containing recommendations to remove investment constraints (see Benchmark No. 4).

Identify appropriate counterparts and proponents of regulatory reform.

Acquire requisite knowledge base of existing constraints on local investment (which, depending on the contractor and on the scope of relevant information available from current or previous USAID-sponsored projects, may require that an assessment be conducted to identify the key regulatory problems that business and investors face at the local level).

Prepare and deliver a further work plan containing (a) specific objectives with respect to the removal of investment constraints at the national level and in each of the seven selected oblasts (including specific recommendations regarding reductions in the number of licenses and permits required to conduct business activities and modifications to regulations and procedures governing site procurement and development) and to improve local level capacity for reforms calculated to encourage SME development in each of the seven selected oblasts, (b) specified time frames for accomplishing the specific objectives with respect to the removal of investment constraints on a national level in both countries and in each of the seven selected oblasts, and (c) detailed performance indicators calculated to measure the contractor's progress towards achievement of the specific objectives.

Develop basic materials identifying the principal investment constraints and key regulatory reform issues.

Conduct workshops at the national level and in each of the seven selected oblasts to disseminate to governmental and non-governmental groups materials identifying the principal investment constraints, key regulatory reform issues, and to increase awareness of, and consensus concerning, regulatory reform issues.

Train governmental and non-governmental groups in Kazakhstan and Kyrgyzstan at the national level and in each of the seven selected oblasts in regulatory reform methods and sound administrative practices, such as cost-benefit analysis and mandatory review and comment.

Implement regulatory reform efforts in Kazakhstan and Kyrgyzstan, at the national level and at the local level in each of the seven selected oblasts, calculated to remove constraints on investment and to encourage the establishment and growth of SMEs.

Develop working groups consisting of representatives of local government, business associations and entrepreneurs in each of the seven selected oblasts that meet at least monthly to discuss local investment constraints and key regulatory reform issues, with the objective of working for the removal of investment constraints, and increasing the general level of awareness of, and building consensus concerning, regulatory reform issues. The objective is to ensure that, at the end of the project, a viable working group comprised of both public and private sector representatives exists in each of the seven selected oblasts which will continue to meet together regularly to carry forward and expand upon the consensus building and regulatory reform effort initiated with the contractor's assistance under the project.

Establish feedback and information communication mechanisms at the national level in each of the two countries and in each of the seven selected oblasts to facilitate the dissemination of information concerning existing restraints on investments and to further increase the accountability of governmental agencies providing services to SMEs.

In close cooperation with the local governments, business associations and entrepreneurs in each of the seven selected oblasts, develop systems that encourage continuing improvements to the quality of services to SMEs performed by local governmental agencies.

Maintain web page on Removal of Investment Constraints in both Kazakhstan (in Kazakh and Russian) and Kyrgyzstan (in Kyrgyz and Russian). At a minimum, the web page will contain sufficiently detailed information regarding existing investment constraints in the country and in each of the selected oblasts so as to permit viewers to make a comparative analysis of investment constraints between the selected oblasts. In addition, the contractor will hold national press conferences in each of the two countries on at least a semiannual basis, to which representatives of the national media and of the media in each of the selected oblasts in that country will be invited, and at which information concerning existing investment constraints and efforts to remove such constraints in each of the selected oblasts in that country will be disseminated for publication.

## **B. WTO Component**

Although Kazakhstan has made significant progress towards its accession to the WTO, and the Kyrgyz Republic has made limited progress in implementing its WTO agreements, many difficult tasks related to WTO (and cross border trade generally) still remain and comprise the objectives of this component.

As part of this component, the contractor will assist the Government of the Kyrgyz Republic in fully implementing its WTO trade agreements and assist the Government of Kazakhstan with its accession to the WTO. In this endeavor, the contractor will monitor, review and propose amendments to draft legislation that affects the foreign trade regimes of the countries, so as to ensure their compliance with WTO requirements. The contractor will also assist both countries in keeping the WTO apprised of any changes in their foreign trade regimes in a timely fashion. In addition, the contractor will provide training on WTO settlement mechanisms and work on strengthening the capacity of WTO oversight bodies to provide information on the compliance of new laws with WTO-related agreements, and provide notification of legislative changes relevant to WTO compliance.

In conjunction with WTO assistance, this component will focus efforts on supporting cross-border trade. The contractor will (1) identify regional market niches and areas of comparative advantage for SMEs operating in Kazakhstan and Kyrgyzstan; (2) identify incentives and disincentives in these regional markets vis-a-vis SMEs elsewhere in Kazakhstan and Kyrgyzstan; and (3) analyze and translate various proposals that could affect the regional trade practices of SMEs in the two republics on an as-needed basis.

**Below is a list of the benchmarks for the WTO component. Project support for WTO will be completed during the first two years of the activity. (It is understood that the WTO component for Kazakhstan will not be implemented unless notification is received (See Section I.2 - FAR 52.217-7). At the time of notification the deliverables completion date for this component maybe adjusted.)**

### *Benchmarks: WTO*

Assist Kazakhstan on an as-needed basis in its accession to the WTO.

Provide support to Kyrgyzstan in fulfilling WTO-related obligations and requirements.



Assist the Government of the Kyrgyz Republic in handling post-accession issues in the trade and investment area. Within the first year of the project, the contractor should phase out assistance on WTO accession and complete training of locals to carry on thereafter with WTO compliance-related issues.

Identify regional market niches and areas of comparative advantages for SMEs operating in Kazakhstan and Kyrgyzstan and widely disseminate such information to SMEs operating in each of the seven selected oblasts.

Review and evaluate relevant Regional Trade Agreements (RTAs) to identify specific benefits and advantages, as well as possible disadvantages and impediments, for SMEs operating in the seven selected oblasts. Disseminate such information to relevant SMEs and to other USAID-sponsored projects.

Monitor, review and propose amendments to draft legislation to streamline the foreign trade regime of, and promote cross border trade between, the two countries, while ensuring compliance with WTO requirements.

Assist the governments in keeping the WTO apprised of any changes in their foreign trade regimes in a timely fashion.

Assist the two governments in their development of WTO oversight bodies to provide information on the compliance of new laws with WTO-related agreements, and provide notification of legislative changes relevant to WTO compliance.

Provide assistance in further developing WTO Research Libraries/Centers in both countries.

Assist the governments in developing education on WTO settlement mechanisms.

Develop the capacity of the governments to liaise directly with WTO officials. Help to establish relations between complementary bodies within each of the two governments and the WTO.

Within two years after the effective date, each country should have developed, as a result of the contractor's assistance, sufficient local capacity to handle WTO-related issues without further donor assistance.

Develop the capacity of government officials in each of the two countries to properly interpret and apply WTO regulations.

Within the context of the overall advancement of Kazakhstan's accession to WTO, recommend changes in Kazakhstani trade and investment practices in the following areas:

non-tariff barriers to trades;

cross-border trade;

legislative and regulatory guidelines setting the framework for the establishment and conduct of foreign investment; and

administrative barriers to increased foreign and domestic investment opportunities.

Provide *ad hoc* WTO troubleshooting advice to both governments.

Evaluate each country's trade policies, including quantitative restrictions (import and export licenses and quotas), state trading, import and export registration, import and export tariffs policies, foreign exchange policies and other non-tariff barriers to trade. On the basis of the evaluations, provide recommendations to further liberalize the foreign trade regimes of the two countries.

### **C. Customs Component**

Under this component, the contractor will assist with the implementation of customs modernization plans to bring the customs regimes of both countries into compliance with the Revised Kyoto Convention (RKC). The contractor will help both governments conduct a series of public seminars to educate the local trade communities on such critical customs issues as valuation methodology, merchandise classification, origin determination, customs procedures, importer rights and appeals.

The contractor will also assist in furthering cooperation and coordination between customs and tax authorities within and between both countries. Further, the contractor will continue to provide advice and technical assistance to the customs administrations of both countries to implement streamlined customs procedures; customs record keeping rules; the new WTO Rules of Origin, including a customs advance rulings procedure; customs rule making; and will further develop a formal selective inspection system.

### **Following is a list of the benchmarks for the Customs component:**

#### *Benchmarks: Customs*

Continue to assist the customs administrations of Kazakhstan and the Kyrgyz Republic in joining and implementing the International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention).

Assist the customs administrations of both countries in joining and implementing the International Convention on the Harmonized Commodity Description and Coding System (HS Convention).

Assist the customs administrations of Kazakhstan and Kyrgyzstan with the implementation of customs modernization plans by providing relevant technical advice and training.

Help the Government of Kazakhstan develop cost-based user fees for customs services for importation clearance.

Advise the Customs Committees of both countries on implementation of streamlined customs procedures.

Analyze customs regulations and procedures in both countries affecting cross-border trade and recommend revisions to promote such trade.

Assist in the development of cooperation and coordination between the customs and tax authorities within and between the two countries, so as to decrease significantly the administrative burden within the agencies themselves and to reduce substantially the burden imposed by the agencies on SMEs.

Help both governments implement the new WTO Rules of Origin, including a customs advance ruling procedure.

Develop coordination and cooperation between the trade community and customs authorities in both countries.

Conduct a World Customs Organization diagnostic in Kyrgyzstan.

Provide training to customs officials through both on-the-job training and through a series of seminars covering, at a minimum, the following areas: customs declaration, customs valuation, customs processing, customs clearance, and customs audit.

Audit the performance of customs officers at the regional customs houses in both countries to determine whether customs rules are being properly applied, and to determine the effectiveness of training in order to provide remedial training.

Assess and make recommendations for existing training units. Help further develop the training unit through drafting additional teaching notes for customs instructors on specific customs issues, training additional customs officers to teach using the notes, and monitoring their performance in classroom situations.

Initiate and expand the public outreach program and public information seminars to include additional trade topics and locations.

**ATTACHMENT 10**

**INVENTORY OF NON-EXPANDABLE PROPERTY UNDER THE SME DEVELOPMENT PROJECT**

USAID anticipates releasing shortly an amendment to the Solicitation to provide the inventory list to all interested parties.

**PART IV - REPRESENTATIONS AND INSTRUCTIONS****SECTION K - REPRESENTATIONS, CERTIFICATIONS AND  
OTHER STATEMENTS OF OFFERORS****K.1 NOTICE LISTING SOLICITATION PROVISIONS INCORPORATED  
BY REFERENCE**

The following solicitation provisions pertinent to this section are hereby incorporated by reference (by Citation Number, Title, and Date) in accordance with the FAR provision at FAR "52.252-1 SOLICITATION PROVISIONS INCORPORATED BY REFERENCE" in Section L of this solicitation. See FAR 52.252-1 for an internet address (if specified) for electronic access to the full text of a provision.

| NUMBER    | TITLE   | DATE     |
|-----------|---|----------|
|           | FEDERAL ACQUISITION REGULATION (48 CFR Chapter 1)   |          |
| 52.203-11 | CERTIFICATION AND DISCLOSURE REGARDING<br>PAYMENTS TO INFLUENCE CERTAIN FEDERAL<br>TRANSACTIONS | APR 1991 |

**K.2 52.204-3 TAXPAYER IDENTIFICATION (OCT 1998)****(a) Definitions.**

Common parent, as used in this provision, means that corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which the offeror is a member.

Taxpayer Identification Number (TIN), as used in this provision, means the number required by the Internal Revenue Service (IRS) to be used by the offeror in reporting income tax and other returns. The TIN may be either a Social Security Number or an Employer Identification Number.

(b) All offerors must submit the information required in paragraphs (d) through (f) of this provision to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the IRS. If the resulting contract is subject to the payment reporting requirements described in Federal Acquisition Regulation (FAR) 4.904, the failure or refusal by the offeror to furnish the information may result in a 31 percent reduction of payments otherwise due under the contract.

(c) The TIN may be used by the Government to collect and report on any delinquent amounts arising out of the offeror's relationship with the Government (31 U.S.C. 7701(c)(3)). If the resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the offeror's TIN.

**(d) Taxpayer Identification Number (TIN).**

[ ] TIN: \_\_\_\_\_

[ ] TIN has been applied for.

[ ] TIN is not required because:

[ ] Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the United States and does not have an office or place of business or a fiscal paying agent in the United States;

[ ] Offeror is an agency or instrumentality of a foreign government;

☐ Offeror is an agency or instrumentality of the Federal Government.

(e) Type of organization.

☐ Sole proprietorship;

☐ Partnership;

☐ Corporate entity (not tax-exempt);

☐ Corporate entity (tax-exempt);

☐ Government entity (Federal, State, or local);

☐ Foreign government;

☐ International organization per 26 CFR 1.6049-4;

☐ Other \_\_\_\_\_

(f) Common parent.

☐ Offeror is not owned or controlled by a common parent as defined in paragraph (a) of this provision.

☐ Name and TIN of common parent:

Name \_\_\_\_\_

TIN \_\_\_\_\_

### **K.3 52.209-5 CERTIFICATION REGARDING DEBARMENT, SUSPENSION, PROPOSED DEBARMENT, AND OTHER RESPONSIBILITY MATTERS (APR 2001)**

(a)(1) The Offeror certifies, to the best of its knowledge and belief, that -

(i) The Offeror and/or any of its Principals -

(A) Are ☐ are not ☐ presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;

(B) Have ☐ have not ☐, within a 3-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion or receiving stolen property; and

(C) Are ☐ are not ☐ presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subdivision (a)(1)(i)(B) of this provision.

(D) Have ☐ have not ☐, within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and

(E) Are [ ] are not [ ] presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subdivision (a)(1)(i)(D) of this provision.

(ii) The Offeror has [ ] has not [ ], within a 3-year period preceding this offer, had one or more contracts terminated for default by any Federal agency.

(2) "Principals," for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions).

THIS CERTIFICATION CONCERNS A MATTER WITHIN THE JURISDICTION OF AN AGENCY OF THE UNITED STATES AND THE MAKING OF A FALSE, FICTITIOUS, OR FRAUDULENT CERTIFICATION MAY RENDER THE MAKER SUBJECT TO PROSECUTION UNDER SECTION 1001, TITLE 18, UNITED STATES CODE.

(b) The Offeror shall provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the Offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

(c) A certification that any of the items in paragraph (a) of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered in connection with a determination of the Offeror's responsibility. Failure of the Offeror to furnish a certification or provide such additional information as requested by the Contracting Officer may render the Offeror nonresponsible.

(d) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of an Offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

(e) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Offeror knowingly rendered an erroneous certification, in addition to other remedies available to the Government, the Contracting Officer may terminate the contract resulting from this solicitation for default.

#### **K.4 52.219-22 SMALL DISADVANTAGED BUSINESS STATUS (OCT 1999)**

(a) General. This provision is used to assess an offeror's small disadvantaged business status for the purpose of obtaining a benefit on this solicitation. Status as a small business and status as a small disadvantaged business for general statistical purposes is covered by the provision at FAR 52.219-1, Small Business Program Representation.

(b) Representations.

(1) General. The offeror represents, as part of its offer, that it is a small business under the size standard applicable to this acquisition; and either--

[ ] (i) It has received certification by the Small Business Administration as a small disadvantaged business concern consistent with 13 CFR 124, Subpart B; and

(A) No material change in disadvantaged ownership and control has occurred since its certification;

(B) Where the concern is owned by one or more disadvantaged individuals, the net worth of each individual upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); and

(C) It is identified, on the date of its representation, as a certified small disadvantaged business concern in the database maintained by the Small Business Administration (PRO-Net); or

[ ] (ii) It has submitted a completed application to the Small Business Administration or a Private Certifier to be certified as a small disadvantaged business concern in accordance with 13 CFR 124, Subpart B, and a decision on that application is pending, and that no material change in disadvantaged ownership and control has occurred since its application was submitted.

(2) [ ] For Joint Ventures. The offeror represents, as part of its offer, that it is a joint venture that complies with the requirements at 13 CFR 124.1002(f) and that the representation in paragraph (b)(1) of this provision is accurate for the small disadvantaged business concern that is participating in the joint venture. [The offeror shall enter the name of the small disadvantaged business concern that is participating in the joint venture: \_\_\_\_\_.]

(c) Penalties and Remedies. Anyone who misrepresents any aspects of the disadvantaged status of a concern for the purposes of securing a contract or subcontract shall:

- (1) Be punished by imposition of a fine, imprisonment, or both;
- (2) Be subject to administrative remedies, including suspension and debarment; and
- (3) Be ineligible for participation in programs conducted under the authority of the Small Business Act.

### **K.5 52.222-18 CERTIFICATION REGARDING KNOWLEDGE OF CHILD LABOR FOR LISTED END PRODUCTS (FEB 2001)**

(a) Definition.

Forced or indentured child labor means all work or service--

(1) Exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or

(2) Performed by any person under the age of 18 pursuant to a contract the enforcement of which can be accomplished by process or penalties.

(b) Listed end products. The following end product(s) being acquired under this solicitation is (are) included in the List of Products Requiring Contractor Certification as to Forced or Indentured Child Labor, identified by their country of origin. There is a reasonable basis to believe that listed endproducts from the listed countries of origin may have been mined, produced, or manufactured by forced or indentured child labor.

Listed End Product

Listed Countries of Origin

(c) Certification. The Government will not make award to an offeror unless the offeror, by checking the appropriate block, certifies to either paragraph (c)(1) or paragraph (c)(2) of this provision.

[ ] (1) The offeror will not supply any end product listed in paragraph (b) of this provision that was mined, produced, or manufactured in a corresponding country as listed for that end product.

[ ] (2) The offeror may supply an end product listed in paragraph (b) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product. The offeror certifies that it has made a good faith effort to determine whether forced or indentured child labor was used to mine, produce, or manufacture such end product. On the basis of those efforts, the offeror certifies that it is not aware of any such use of child labor.

### **K.6 52.222-25 AFFIRMATIVE ACTION COMPLIANCE (APR 1984)**

The offeror represents that

- (a) It ☐ has developed and has on file, ☐ has not developed and does not have on file, at each establishment, affirmative action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2); or
- (b) It ☐ has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor.

### **K.7 INSURANCE - IMMUNITY FROM TORT LIABILITY**

The offeror represents that it ☐ is, ☐ is not a State agency or charitable institution, and that it ☐ is not immune, ☐ is partially immune, ☐ is totally immune from tort liability to third persons.

### **K.8 52.230-1 COST ACCOUNTING STANDARDS NOTICES AND CERTIFICATION (JUNE 2000)**

Note: This notice does not apply to small businesses or foreign governments. This notice is in three parts, identified by Roman numerals I through III.

Offerors shall examine each part and provide the requested information in order to determine Cost Accounting Standards (CAS) requirements applicable to any resultant contract.

If the offeror is an educational institution, Part II does not apply unless the contemplated contract will be subject to full or modified CAS coverage pursuant to 48 CFR 9903.201-2(c)(5) or 9903.201-2(c)(6), respectively.

#### **I. Disclosure Statement-Cost Accounting Practices and Certification**

- (a) Any contract in excess of \$500,000 resulting from this solicitation will be subject to the requirements of the Cost Accounting Standards Board (48 CFR Chapter 99), except for those contracts which are exempt as specified in 48 CFR 9903.201-1.
- (b) Any offeror submitting a proposal which, if accepted, will result in a contract subject to the requirements of 48 CFR Chapter 99 must, as a condition of contracting, submit a Disclosure Statement as required by 48 CFR 9903.202. When required, the Disclosure Statement must be submitted as a part of the offeror's proposal under this solicitation unless the offeror has already submitted a Disclosure Statement disclosing the practices used in connection with the pricing of this proposal. If an applicable Disclosure Statement has already been submitted, the offeror may satisfy the requirement for submission by providing the information requested in paragraph (c) of Part I of this provision.
- Caution: In the absence of specific regulations or agreement, a practice disclosed in a Disclosure Statement shall not, by virtue of such disclosure, be deemed to be a proper, approved, or agreed-to practice for pricing proposals or accumulating and reporting contract performance cost data.

(c) Check the appropriate box below:

☐ (1) Certificate of Concurrent Submission of Disclosure Statement. The offeror hereby certifies that, as a part of the offer, copies of the Disclosure Statement have been submitted as follows: (i) Original and one copy to the cognizant Administrative Contracting Officer (ACO) or cognizant Federal agency official authorized to act in that capacity (Federal official), as applicable; and (ii) One copy to the cognizant Federal auditor.

(Disclosure must be on Form No. CASB DS-1 or CASB DS-2, as applicable. Forms may be obtained from the cognizant ACO or Federal official and/or from the loose-leaf version of the Federal Acquisition Regulation.)

Date of Disclosure Statement: \_\_\_\_\_

Name and Address of Cognizant ACO or Federal Official Where Filed: \_\_\_\_\_

The offeror further certifies that the practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the Disclosure Statement.

☐ (2) Certificate of Previously Submitted Disclosure Statement. The offeror hereby certifies that the required Disclosure Statement was filed as follows:

Date of Disclosure Statement: \_\_\_\_\_

Name and Address of Cognizant ACO or Federal Official Where Filed: \_\_\_\_\_

The offeror further certifies that the practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the applicable Disclosure Statement.



[ ] (3) Certificate of Monetary Exemption. The offeror hereby certifies that the offeror, together with all divisions, subsidiaries, and affiliates under common control, did not receive net awards of negotiated prime contracts and subcontracts subject to CAS totaling \$50 million or more in the cost accounting period immediately preceding the period in which this proposal was submitted. The offeror further certifies that if such status changes before an award resulting from this proposal, the offeror will advise the Contracting Officer immediately.

[ ] (4) Certificate of Interim Exemption. The offeror hereby certifies that (i) the offeror first exceeded the monetary exemption for disclosure, as defined in (3) of this subsection, in the cost accounting period immediately preceding the period in which this offer was submitted and (ii) in accordance with 48 CFR 9903.202-1, the offeror is not yet required to submit a Disclosure Statement. The offeror further certifies that if an award resulting from this proposal has not been made within 90 days after the end of that period, the offeror will immediately submit a revised certificate to the Contracting Officer, in the form specified under paragraph (c)(1) or (c)(2) of Part I of this provision, as appropriate, to verify submission of a completed Disclosure Statement.

Caution: Offerors currently required to disclose because they were awarded a CAS-covered prime contract or subcontract of \$50 million or more in the current cost accounting period may not claim this exemption (4). Further, the exemption applies only in connection with proposals submitted before expiration of the 90-day period following the cost accounting period in which the monetary exemption was exceeded.

## II. Cost Accounting Standards-Eligibility for Modified Contract Coverage

If the offeror is eligible to use the modified provisions of 48 CFR 9903.201-2(b) and elects to do so, the offeror shall indicate by checking the box below. Checking the box below shall mean that the resultant contract is subject to the Disclosure and Consistency of Cost Accounting Practices clause in lieu of the Cost Accounting Standards clause.

The offeror hereby claims an exemption from the Cost Accounting Standards clause under the provisions of 48 CFR 9903.201-2(b) and certifies that the offeror is eligible for use of the Disclosure and Consistency of Cost Accounting Practices clause because during the cost accounting period immediately preceding the period in which this proposal was submitted, the offeror received less than \$50 million in awards of CAS-covered prime contracts and subcontracts. The offeror further certifies that if such status changes before an award resulting from this proposal, the offeror will advise the Contracting Officer immediately.

Caution: An offeror may not claim the above eligibility for modified contract coverage if this proposal is expected to result in the award of a CAS-covered contract of \$50 million or more or if, during its current cost accounting period, the offeror has been awarded a single CAS-covered prime contract or subcontract of \$50 million or more.

## III. Additional Cost Accounting Standards Applicable to Existing Contracts

The offeror shall indicate below whether award of the contemplated contract would, in accordance with paragraph (a)(3) of the Cost Accounting Standards clause, require a change in established cost accounting practices affecting existing contracts and subcontracts.

/\_\_\_/ YES /\_\_\_/ NO

(End of provision)

Alternate I (Apr 1996). As prescribed in 30.201-3(b), add the following paragraph (c)(5) to Part I of the basic provision:

o (5) Certificate of Disclosure Statement Due Date by Educational Institution. If the offeror is an educational institution that, under the transition provisions of 48 CFR 9903.202-1(f), is or will be required to submit a Disclosure Statement after receipt of this award, the offeror hereby certifies that (check one and complete): o (i) A Disclosure Statement Filing Due Date of \_\_\_\_\_ has been established with the cognizant Federal agency. o (ii) The Disclosure Statement will be submitted within the 6-month period ending \_\_\_\_\_ months after receipt of this award.

Name and Address of Cognizant ACO or Federal Official Where Disclosure Statement is to be Filed: \_\_\_\_\_

## K.9 AGREEMENT ON, OR EXCEPTIONS TO, TERMS AND CONDITIONS

The Offeror has reviewed the solicitation (Sections B through J of which will become the contract) and [ ] agrees to the terms and conditions set forth therein; or [ ] has the following exceptions (continue on a separate attachment page, if necessary):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**K.10 COMPLIANCE WITH VETERANS EMPLOYMENT REPORTING REQUIREMENTS**

(a) The Offeror represents that, if it is subject to the reporting requirements of 38 U.S.C. 4212(d)(i.e., the VETS-100 report required by the Federal Acquisition Regulation clause 52.222-37, Employment Reports on Disabled Veterans and Veterans of the Vietnam Era), it has ☐ has not ☐ submitted the most recent report required by 38 U.S.C. 4212(d).

(b) An Offeror who checks "has not" may not be awarded a contract until the required reports are filed. (31 U.S.C. 1354)

**K.11 SIGNATURE**

By signature hereon, or on an offer incorporating these Representations, Certifications, and Other Statements of Offerors, the offeror certifies that they are accurate, current, and complete, and that the offeror is aware of the penalty prescribed in 18 U.S.C. 1001 for making false statements in offers.

Solicitation No. \_\_\_\_\_

Offer/Proposal No. \_\_\_\_\_

Date of Offer \_\_\_\_\_

Name of Offeror\_\_\_\_\_

Typed Name and Title\_\_\_\_\_

Signature\_\_\_\_\_ Date\_\_\_\_\_

**SECTION L - INSTRUCTIONS, CONDITIONS, AND NOTICES TO OFFERORS****L.1 NOTICE LISTING SOLICITATION PROVISIONS INCORPORATED BY REFERENCE**

The following solicitation provisions pertinent to this section are hereby incorporated by reference (by Citation Number, Title, and Date) in accordance with the FAR provision at FAR "52.252-1 SOLICITATION PROVISIONS INCORPORATED BY REFERENCE" in Section L of this solicitation. See FAR 52.252-1 for an internet address (if specified) for electronic access to the full text of a provision.

| NUMBER    | TITLE   | DATE     |
|-----------|---|----------|
| 52.215-1  | FEDERAL ACQUISITION REGULATION (48 CFR Chapter 1)<br>INSTRUCTIONS TO OFFERORS--COMPETITIVE<br>ACQUISITION<br>ALTERNATE I (OCT 1997) | MAR 2001 |
| 52.215-1  | INSTRUCTIONS TO OFFERORS--COMPETITIVE<br>ACQUISITION<br>ALTERNATE II (OCT 1997)   | MAR 2001 |
| 52.215-16 | FACILITIES CAPITAL COST OF MONEY  | OCT 1997 |
| 52.219-24 | SMALL DISADVANTAGED BUSINESS<br>PARTICIPATION PROGRAM--TARGETS  | OCT 2000 |
| 52.225-10 | NOTICE OF BUY AMERICAN ACT--BALANCE OF<br>PAYMENTS PROGRAM REQUIREMENT--<br>CONSTRUCTION MATERIALS                                  | FEB 2000 |
| 52.232-28 | INVITATION TO PROPOSE PERFORMANCE-BASED<br>PAYMENTS   | MAR 2000 |

**L.2 52.215-20 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA (OCT 1997)**

(a) Exceptions from cost or pricing data. (1) In lieu of submitting cost or pricing data, offerors may submit a written request for exception by submitting the information described in the following subparagraphs. The Contracting Officer may require additional supporting information, but only to the extent necessary to determine whether an exception should be granted, and whether the price is fair and reasonable.

(i) Identification of the law or regulation establishing the price offered. If the price is controlled under law by periodic rulings, reviews, or similar actions of a governmental body, attach a copy of the controlling document, unless it was previously submitted to the contracting office.

(ii) Commercial item exception. For a commercial item exception, the offeror shall submit, at a minimum, information on prices at which the same item or similar items have previously been sold in the commercial market that is adequate for evaluating the reasonableness of the price for this acquisition. Such information may include--

(A) For catalog items, a copy of or identification of the catalog and its date, or the appropriate pages for the offered items, or a statement that the catalog is on file in the buying office to which the proposal is being submitted. Provide a copy or describe current discount policies and price lists (published or unpublished), e.g., wholesale, original equipment manufacturer, or reseller. Also explain the basis of each offered price and its relationship to the established catalog price, including how the proposed price relates to the price of recent sales in quantities similar to the proposed quantities;

(B) For market-priced items, the source and date or period of the market quotation or other basis for market price, the base amount, and applicable discounts. In addition, describe the nature of the market;

(C) For items included on an active Federal Supply Service Multiple Award Schedule contract, proof that an exception has been granted for the schedule item.

(2) The offeror grants the Contracting Officer or an authorized representative the right to examine, at any time before award, books, records, documents, or other directly pertinent records to verify any request for an exception under this provision, and the reasonableness of price. For items priced using catalog or market prices, or law or regulation, access does not extend to cost or profit information or other data relevant solely to the offeror's determination of the prices to be offered in the catalog or marketplace.

(b) Requirements for cost or pricing data. If the offeror is not granted an exception from the requirement to submit cost or pricing data, the following applies:

(1) The offeror shall prepare and submit cost or pricing data and supporting attachments in accordance with Table 15-2 of FAR 15.408.

(2) As soon as practicable after agreement on price, but before contract award (except for unpriced actions such as letter contracts), the offeror shall submit a Certificate of Current Cost or Pricing Data, as prescribed by FAR 15.406-2.

### **L.3 52.216-1 TYPE OF CONTRACT (APR 1984)**

The Government contemplates the award of one contract. The contract type will be either CFFF or CPAF completion contract with a base period of 3 years and two 1-year option periods resulting from this solicitation. All Options will be pre-priced at the time of award. There are also option CLINS in each of the 5 years for increases in the requirement.

### **L.4 52.233-2 SERVICE OF PROTEST (AUG 1996)**

(a) Protests, as defined in section 33.101 of the Federal Acquisition Regulation, that are filed directly with an agency, and copies of any protests that are filed with the General Accounting Office (GAO), shall be served on the Contracting Officer (addressed as follows) by obtaining written and dated acknowledgment of receipt from:

**Marcus A. Johnson, Jr.**  
**Contracting Officer**

Street address: DOS/USAID  
41 Kazibek Bi Street  
480100, Almaty  
Republic of Kazakhstan

Facsimile: Direct # 1 (413) 771-5698,  
General #: 7 (3272) 50-79-10, or 50-76-36, or 7 (3272) 69-64-90

(b) The copy of any protest shall be received in the office designated above within one day of filing a protest with the GAO.

### **L.5 52.252-1 SOLICITATION PROVISIONS INCORPORATED BY REFERENCE (FEB 1998)**

This solicitation incorporates one or more solicitation provisions by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. The offeror is cautioned that the listed provisions may include blocks that must be completed by the offeror and submitted with its quotation or offer. In lieu of submitting the full text of those provisions, the offeror may identify the provision by paragraph identifier and provide the appropriate information with its quotation or offer. Also, the full text of a solicitation provision may be accessed electronically at this/these address(es):

<http://arnet.gov/far/>

**L.6 GENERAL INSTRUCTIONS TO OFFERORS**

(a) The offeror should submit the proposal either

(i) electronically - internet email with up to 6 attachments (2MB limit) per email compatible with MS WORD, Excel, Lotus 123 and/or WordPerfect in a MS Windows environment. Only those pages requiring original manual signatures should be sent via facsimile. (Facsimile of the entire proposal is not authorized); or

(ii) via regular mail - sending 6 paper copies of a technical proposal and one original and 6 copies of a cost proposal, however the issuing office receives regular international mail only once a week. All mail is subject to US Embassy electronic imagery scanning methods, physical inspection, and is not date and time stamped prior to receipt by USAID and the Contracting Officer; or

(iii) hand delivery (including commercial courier) of 6 paper copies of a technical proposal and one original and 6 copies of a cost proposal to the issuing office.

(iv) Regardless of the method used the Technical Proposal and Cost Proposal must be kept separate from each other. Technical Proposals must not make reference to pricing data in order that the technical evaluation may be made strictly on the basis of technical merit.

(b) Submission of Alternate Proposals

All offerors shall submit a proposal directly responsive to the terms and conditions of this RFP. If an offeror chooses to submit an alternative proposal, they must, at the same time, submit a proposal directly responsive hereto for any alternate to even be considered.

(c) Government Obligation

The US Government is not obligated to make an award or to pay for any costs incurred by the offeror in preparation of a proposal in response hereto.

**L.7 INSTRUCTIONS FOR THE PREPARATION OF THE TECHNICAL PROPOSAL**

Each of the following sections must appear in the proposal to be judged responsive. Page guidelines per section are not definitive, as long as the final proposal does not exceed the 65-page limit (excluding attachments) if proposing a CPAF contract type. There is a 60-page limit overall if proposing to use the CPFF contract type but the proposer may decide how and where to meet this limitation.

(a) The Technical Proposal in response to this solicitation should address how the offeror intends to carry out the Statement of Work contained in Section C. It should also contain a clear understanding of the work to be undertaken and the responsibilities of all parties involved. The technical proposal should be organized by the technical evaluation criteria listed in Section M.

(b) The past performance references required by this section shall be included as an annex or attachment of the technical proposal.

(c) The technical proposal should be limited, exclusive of resumes and past performance annexes to 55 pages when proposing to use the CPAF contract type.

(d) The technical proposal should, at a minimum, include the following:

1. Understanding of the status, issues and opportunities presented by the present SME business environment situation in Central Asia. (5 pages)
2. Technical approach and methodology to conducting work in each country. This section shall define the offeror's proposed approach of tasks specified in Section C. (15 pages)
3. Management plan for executing the contract. This section must detail at a minimum: organizational structure; staffing plans; logistics management; monitoring and reporting plans; management of subcontracts and grants; and financial management systems.

The offeror should also use this section to describe its corporate management capacity: staffing, software, and equipment that the offeror uses to execute, support, control and monitor contract activities. Present a detailed Mobilization Plan (15 pages)

4. Staffing plan. This section shall define who will be employed under the contract, for what purposes, and the schedule of their deployment. Full resumes must be appended, so that the strengths of each key candidate's background and experience are clearly defined. (15 pages - further detail to be appended)

5. Past performance and experience. This section shall describe the relevance of the offeror's background to the job at hand. Previous relevant work with USAID, other donors and other entities can be presented. Previous work in Central Asia or other relevant countries can be detailed. (5 pages)

Note: To be appended - list full contact information (e.g. street address, mailing address, telephone numbers, internet email address; a short (130-word limit) abstract of relevancy; and award number and period of performance) for all relevant awards active in calendar year 2000, 2001.

## **L.8 INSTRUCTIONS REGARDING KEY PERSONNEL**

The contract proposed by this solicitation includes a key personnel clause, and the quality of key personnel proposed will be an evaluation factor. The offeror must include as part of its proposal a statement signed by each person proposed as key personnel confirming their present intention to serve in the stated position and their present availability to serve for the term of the proposed contract.

## **L.9 INSTRUCTIONS FOR THE PREPARATION OF THE COST PROPOSAL**

(a) Each offeror shall provide a budget for each line item listed in Section B. Supporting "Budget Notes" assumption narrative and spreadsheet(s) in sufficient detail to allow a complete analysis of each line item cost. This is to include a complete breakdown of the cost elements associated with each line item and those cost associated with any proposed subcontract for the Based Period and Option Periods.

(b) If the contractor is a joint venture or partnership, the business management proposal must include a copy of the legal agreement between the parties to the joint venture or partnership. The agreement will include a full discussion of the relationship between the firms including identification of the firm which will have responsibility for negotiation of the contract, which firm will have accounting responsibility, how work will be allocated, overhead calculated, and profit shared, and the express agreement of the principals thereto to be held jointly and severally liable for the acts or omissions of the other.

(c) Detail of the offeror's management structure as it relates to performance of services described in Section C.

(d) The representations and certifications, as set forth in Section K. of this solicitation, with the last page signed. This should be completed by subcontractors as well.

(e) The offeror and each subcontractor shall include a Statement of Contingent Fees (SF 119) if required by Section K.

(f) A completed Certificate of Current Cost or Pricing Data for itself and each subcontractor, if the subcontract will exceed \$550,000. (This certificate should be re-submitted after negotiations have been concluded and agreement has been reached.)

(g) The offerors shall submit Standard Form 1411 entitled "Contract Pricing Proposal Cover Sheet".

(h) Audited balance sheets and profit and loss statements or if not available, returns as submitted to Federal tax authorities for the offeror's last two complete fiscal years and for the current fiscal year as of 30 days prior to proposal submission. (The balance sheets and profit and loss statements for the current fiscal year may be unaudited.) The profit and loss statements should include details of the total cost of services sold, and be annotated by either the auditor or offeror to delineate the offeror's indirect expense pool(s) and customary indirect cost distribution base(s).

(i) A copy of the offeror's personnel policies in effect at the time the offer is submitted.

(j) A copy of the offeror's travel policies in effect at the time the offer is submitted.

(k) A copy of your current Negotiated Indirect Cost Rate Agreement (NICRA), if applicable.

(l) Offerors must submit fully completed and signed USAID Biographical Data Sheets (AID Form 1420-17) for each key staff member proposed.

## SECTION M - EVALUATION FACTORS FOR AWARD

|           |                                |     |
|-----------|--------------------------------|-----|
| 52.217-5  | EVALUATION OF OPTIONS          | JUL |
| 1990      |                                |     |
| 52.222-46 | EVALUATION OF COMPENSATION FOR | FEB |
| 1993      | PROFESSIONAL EMPLOYEES         |     |

### M.1 EVALUATION CRITERIA

Technical, cost and other factors will be evaluated relative to each other, as described herein.

(a) The cost proposal will be scored by a Cost Evaluation committee using the method described in this Section.

(b) The technical proposal will be scored by a Technical Evaluation committee using the criteria shown in this Section.

(c) The criteria below are presented by major category. The criteria below reflect the requirements of this particular solicitation.

Offerors should note that these criteria: (1) serve as the standard against which all proposals will be evaluated, and (2) serve to identify the significant matters which offerors should address in their proposals.

#### EVALUATION CRITERIA: BEST VALUE

A review panel established under the direction of the Contracting Officer, USAID/CAR, will evaluate proposals. The review panel and the Contracting Officer will use "Best Value" criteria to determine the proposal most advantageous to the U.S. Government. **All evaluation factors other than cost or price, when combined, are approximately of equal to cost or price. Technical evaluation factors, and the subfactors thereof, are listed below are of equal weight to each other. Cost evaluation factors, and the subfactors thereof, are listed below in their relative order of importance.** Contract award shall be made to the responsive and responsible offeror whose combined technical and cost factor offer the best value to the U.S. Government.

#### A. TECHNICAL EVALUATION

##### 1) Managerial Capacity

- a. Demonstrates capacity to manage personnel needs and requirements for a large multi-faceted program operating in Central Asia;
- b. Demonstrates capacity to manage the logistical requirements for a large program operating from diverse locations. These requirements include: office space, housing, transportation, commodity purchase and inventory control, report production and dissemination; and in-country financing of staff and activities;
- c. Demonstrates capacity to track progress of all facets of the program, provide reports which accurately present program status, and deal effectively with opportunities and problems as they arise;
- d. Demonstrates an effective system for managing subcontracts, joint-venture relationships or any other method proposed for involving the work of other firms or organizations to carry out the contract.
- e. Mobilization Plan. Along with the Technical Proposal the Offeror must submit a Mobilization Plan. This plan will guide the organization of contract resources and initial activities. The mobilization plan



will provide details of work to be carried out in the initial 90-day period of the contract. At a minimum, it will cover the anticipated logistics of contract start-up and the process and timing of establishing administrative and financial control systems. It will also cover the timing of the initial deployment of expatriate staff, the plan for hiring local staff, and the plan for the initial activities to be executed by these staff members.

## **2) Qualifications of key personnel**

- a. Appropriate technical experience for the position proposed;
- b. Appropriate educational background for the position proposed;
- c. Previous work in the region, or other background, that demonstrates the ability to work effectively in the position proposed;
- d. Ability to work in the Russian language.

## **3) Technical approach and methodology**

Demonstrates thorough understanding of the process of improving the SME business environment situation in Central Asia.

Demonstrates current knowledge and understanding of the SME business environment situation in Central Asia.

## **4) Past Performance**

- a. Offeror demonstrates the relationship between the methods and techniques, which it proposes to undertake this contract and its previous performance and experience with similar or related activities;
- b. Previous performance for USAID, other donors, or other entities in business education, training, advisory service and business association and advocacy development;
- c. Previous performance in Central Asia or Commonwealth of Independent States (CIS) countries.

(Note: The U.S. Government will evaluate the quality of the offeror's past performance. This evaluation is separate and distinct from the Contracting Officer's responsibility determination. The assessment of the offeror's past performance will be used to evaluate the relative capability of the offeror and other competitors to successfully meet the requirements of the RFP. Past performance of significant and critical subcontractors will be considered to the extent warranted by the subcontractor's involvement in the proposed effort.)

The U.S. Government reserves the right to obtain information for use in the evaluation of past performance from any and all sources outside of the U.S. Government. Offerors lacking relevant past performance history will receive a neutral rating for past performance. However, the proposal of an offeror with no relevant past performance, may not represent the most advantageous proposal to the U.S. Government and thus, may be an unsuccessful proposal when compared to the proposals of the other offerors. The offeror must provide the information requested above for past performance evaluation or affirmatively state that it possesses no relevant directly related or similar past performance experience. The Government reserves the right not to evaluate or consider for award the entire proposal from an offeror which fails to provide the past performance information or which fails to assert that it has no relevant directly related or similar past performance experience.

## **5) Proposed Performance Benchmarks/Results**

Offeror proposes an ambitious, yet achievable, set of performance benchmarks and results to operationalize the general structure inclusive of performance-based elements, such as a payment plan – FAR 52.232-28, Invitation to Propose Performance-Based Payments.

CPAF Only - Offeror proposes an ambitious, yet achievable, set of performance benchmarks and results to operationalize the general structure of the Award Fee Evaluation Plan discussed in Section E of the RFP.

**B. COST EVALUATION**

The contractor should have a structure that will allow it to provide the greatest value (highest results) at the lowest cost; minimizing and/or eliminating overall administrative costs, overhead, subcontract pass-through costs, profit, international staff benefits, home office communications and support, and other non-value added costs. Each offeror's cost proposal of the base period and option periods shall be evaluated based on the following criteria in comparison with the cost proposal of other offerors:

- 1) Effectiveness of proposed cost control structure
  - a. Budget transparency to effectively track expenditures;
  - b. Value and quality of performance-based elements in pricing; and
  - c. Subcontracting methods are clearly defined.
- 2) Reasonableness of proposed labor cost and structure
  - a. Expatriate salary structure and expense; and
  - b. Local salary structure and expense
- 3) Cost efficiency of proposed Other Direct Costs (ODCs)
  - a. Offers market competitive pricing estimates of tangible items to be used for contract performance; and
  - b. Competitiveness of pricing and soundness purchase methods of international and in-country air travel and surface transportation.
- 4) Provides cost-sharing, matching arrangements, and value of in-kind contributions, if any is proposed.
- 5) Reasonableness of overall proposed price

Price has not been assigned a numerical weight. Offerors are reminded that the U.S. Government is not obligated to award a negotiated contract on the basis of the lowest proposed cost (see FAR 15.101-1) or to the offeror with the highest technical evaluation score. **For this procurement technical proposal is of approximately equal weight to cost or price relative to deciding who best might perform the work, price and other factors considered.** The significant technical factors are of equal weight. Therefore, after the final evaluation of the proposals, the Contracting Officer will make the award to the offeror whose proposal offers the best value to the Government, considering both technical and cost factors. It should be noted that estimate cost is an important factor and its importance as an evaluation factor will increase as the degree of equality of technical competence between proposals increases.

**M.2 DETERMINATION OF THE COMPETITIVE RANGE AND CONTRACT AWARD**

(a) The competitive range of offerors with whom negotiation will be conducted (if necessary) will be determined by the Contracting Officer based on the above technical and cost evaluation factors, and will be comprised of all offerors whose proposals are determined to have a reasonable chance of being selected for award.

(b) In accordance with FAR 52.215-16, and as set forth in Section L of this solicitation, award will be made by the Contracting Officer to the responsible offeror whose proposal, conforming to the solicitation, is most advantageous to the Government, and the above technical and cost factors considered. The formula set forth above will be used by the Contracting Officer as a guide in determining which proposals will be most advantageous to the Government.

**M.3 CONTRACTING WITH SMALL BUSINESS CONCERNS AND DISADVANTAGED ENTERPRISES**

USAID encourages the participation of small business concerns and disadvantaged enterprises in this project, in accordance with FAR Part 19 (48 CFR Chapter 1), and AIDAR Part 726 (48 CFR Chapter 7). Accordingly, every reasonable effort will be made to identify and make use of such organizations. All evaluation criteria being found equal, the participation of such organizations may become a determining factor for selection.